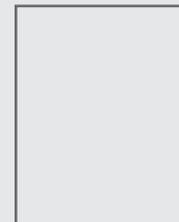


Fully comprehensive insurance



Until recently, regulatory issues such as anti-money laundering, fraud detection and compliance have been the focus of the banking industry. Now, though, says **Luigi van Geest** of Tonbeller AG, it is insurance companies that are also facing increased scrutiny.

‘Many insurance companies are coming under the same kind of scrutiny from the regulatory bodies that the banks did a few years ago, and consequently are feeling the need to take some action,’ says Tonbeller’s Luigi van Geest.

‘Fortunately, compliance officers in insurance companies are able to leverage the lessons already learned by banks, especially when it comes to implementing the anti money laundering procedures and programmes, and the implementation of systems.’

One important lesson, says van Geest, is not to overload an AML project by doing too much too soon, going for one step big-bang implementation. It is better to take a phased approach to implementation.

‘If you look at Tonbeller’s Siron Financial Solutions, its comprehensive modularity means that customers can choose to begin with any module, and in any sequence,’ says van Geest.

The regulators often push companies to demonstrate some progress. The easiest way to deliver this is to start with name matching as a module, says van Geest. This way the compliance department gets accustomed to alert handling and filling the reports, before implementing a transaction monitoring system, and more specific and complex AML insurance scenarios.

While insurance companies are waking up to the regulatory issues relating to financial crime, banks are still facing the implications of implementing the Third EU Directive on money laundering. Executing a risk-based approach is very challenging as banks have discovered.

If banks have segmented their customers in the appropriate risk categories, it is usually based on very

basic rules. And that is only the beginning. Then there is the challenge of enhanced customer due diligence and ongoing monitoring requirements.

Companies change constantly, for example, especially in the current economic turmoil where companies are frequently bought and sold. Finding and monitoring the beneficial owner of a legal entity is a very labour intensive job.

‘We understand how challenging

‘Our long experience as a business intelligence provider, gives us a lot of advantages here. For example, we have in-house predictive modelling techniques that can be used to detect not only potential fraudsters, but also – and this one of our real strengths – potential victims. Then we can monitor those potential victims more closely,’ says van Geest.

Finally, says van Geest, it is clear that financial institutions are consolidating

‘Many insurance companies are coming under the same kind of scrutiny from the regulatory bodies that the banks did a few years ago.’

this is for our clients and are working towards automating the process of enhanced due diligence, this ongoing monitoring of legal entities,’ says van Geest. ‘One of the things that we do, for example, is to detect and monitor changes in the structure of legal entities reported at the Chambers of Commerce.’

Tonbeller’s AML & Fraud Survey, conducted in March 2009, continues to signal that fraud is a worry for customers, both banks and insurers. When the markets are strong, banks are growing, talent is in short supply, and internal hiring practices become less stringent, says van Geest. So internal attacks also increase.

When there is a crisis, the group of potential fraudulent parties grows. It is not just employees or the typical roster of criminals from outside the organisation, but also intermediaries, third party contractors, and service providers.

risk management into an overarching governance, risk and compliance function, in order to have a holistic approach to financial crime. However, having to consolidate risk reporting across all branches or entities worldwide is a real headache for global compliance officers.

‘To help deal with this situation many of our clients are taking advantage of our Siron Risk and Compliance Cockpit, which provides a graphical summary of all risks across the organisation worldwide. Not only that but the client is able to integrate and represent risk from non-Tonbeller research systems in the overview as well,’ says van Geest. FBA

Further information

Tonbeller AG
www.tonbeller.com