

# **OFFSHORE GROUP OF INSURANCE SUPERVISORS**



**ISSUES PAPER  
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## **AVOIDING MONEY LAUNDERING IN THE INSURANCE SECTOR**

**The prevention of money laundering is an international initiative. This draft paper outlines the processes and discusses some of the risks that are peculiar to offshore insurance and identifies perhaps where special vigilance is required.**

**Its purpose is to provide an understanding of the associated problems rather than act as a guideline.**

## 1 Introduction

There are tremendous pressures on offshore and onshore jurisdictions. The fight against money laundering is high on the agenda. International initiatives have taken place aimed at combating the prevalence of drug trafficking, terrorism and the associated money laundering activities which are linked with these crimes.

These initiatives include:

- 1 The Basle Statement of Principles (which recognises that businesses need to know who their customers are before they commence a business relationship),
- 2 The Paris Summit which established the Financial Action Task Force (**FATF**), and now
- 3 The United Nations (**UN**) Global Initiative to Prevent the Misuse of the Offshore Financial Sector for the Purpose of Laundering Criminal Proceeds.

Some 29 **FATF** member countries have now introduced legislation to combat money laundering equivalent to the UK. Such legislation generally includes equivalent offences and compliance obligations for companies established and operating within the member countries and, as such, seeks to create consistent laws and prevention practices. This international initiative will therefore create similar obligations for all companies operating within the international financial market place and thereby prevent the likelihood of discriminatory practices.

In a **UN** context, member states have also renewed their commitment to take appropriate action against money laundering and their "Offshore Initiative" puts this commitment into action. Its objectives are to give new momentum to the fight against organised crime and money laundering, to prevent the misuse of the offshore financial systems for the purpose of laundering criminal assets and to improve transparency in offshore financial transactions. As part of this initiative a series of actions were undertaken during 1999 with a view to:

- improving knowledge on the flows of illicit funds in offshore financial markets,
- setting up international standards to prevent the use of offshore financial businesses for the laundering of criminal proceeds,
- developing a constructive dialogue with the international offshore business world,
- improving practical mutual legal co-operation with States offering financial offshore services and
- helping offshore jurisdictions to foster their law enforcement efforts against money laundering.

It is essential therefore that any offshore jurisdiction worth its salt ensures that it has in place effective legislation to minimise the money laundering risk. It should have in place relevant "all crimes" anti-money laundering legislation and possibly anti-money laundering codes which place a legal obligation to do what before had perhaps, perhaps not, been done voluntarily.

## **2 What then is Money Laundering?**

Money Laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of crime. If successful, it also allows them to maintain control over those proceeds and ultimately to provide a legitimate cover for their source of income. Most directly, criminal money is used to finance further criminal activity.

## **3 The Size of the Problem**

The actual figures involved are difficult to determine, but an International Monetary Fund working paper published in 1996 suggested that the annual "gross criminal product" is in excess of US\$500 billion. My own feeling is that it is significantly more than this. Whatever the size, the majority of that money will be passed into the financial system for laundering. What must be said, is that despite many implications that the only conduits for laundering money are the offshore jurisdictions, onshore jurisdictions play an equally important role in these processes because very often they provide a greater degree of anonymity for the launderers as a result of the volume of business transacted.

## **4 The Common Features**

The common features of offshore centres include, of course, the provision of:

- Banking service
- Company formation and management services
- Insurance services and
- Confidentiality

There can be little doubt, the laundering of illicit gains is an enormous business from which, because of the offerings made, offshore centres are not immune. Of course, all these services are designed to assist legitimate business activities, nevertheless they can - and are - manipulated by the criminal fraternity for illegal purposes.

Vigilance is essential if the risk of money laundering is to be minimised.

## 5 The Process of Laundering

The money launderers<sup>1</sup> prime objective is to break the connection with the crime that generated the money by turning that which is "dirty" money into that which is "clean". In this respect the insurance industry is a potential major target for money laundering operations. Why? It is because the single premium contract or policy is more common in these centres; it is because of the variety of services provided there; it is because the investment vehicles offered can be more easily used to conceal the source of money. It is because the offshore centres tend to be more innovative.

To be successful in providing a legitimate cover for illegal money, criminals need to follow a three stage process which may involve numerous transactions. The processes involved are as follows:

**Placement** This comprises the physical disposal of proceeds derived from illegal activity; in other words, infiltrating illegal money into the international financial system, through, for example, the purchase of an insurance policy perhaps with cash. The days of suitcases full of cash are thankfully gone in most well regulated offshore jurisdictions, however.

**Layering** That is separating illicit proceeds from their source by creating a complex series of financial transactions designed to disguise the audit trail and thereby provide anonymity. Moving illegal monies around the international financial system helps it to lose its illegitimacy. A simple example comprises the purchase of an insurance policy with a cheque and surrendering it for a refund.

**Integration** In this context, the proceeds of criminally derived wealth do derive legitimacy. If the layering process has succeeded, integration places the laundered proceeds back into the economy in such a way that they re-enter the financial system as normal business funds as might, for example, the income derived from the underlying investments of an "illegitimate" insurance policy.

## 6 Know your customer principles

To deter money launderers from using insurance businesses there is a need for every organisation, through a variety of techniques to comply with principles which ensures in their day-to-day business activities that they know who is their customer. The identification of those with whom business is being carried on, reflects good business practice and doing so does not infringe upon the confidentiality and privacy of client affairs.

## 7 Audit Trail Requirements

Knowing your customer, of course, does not eliminate the risk; it only minimises it. It is crucial that procedures ensure the provision of an audit trail. All documentary items relevant to client identity and transaction history must be maintained, indeed retained; they must be

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<sup>1</sup> Unholy Alliance – David Yallop

capable of being retrieved efficiently to enable the source of any funds, whether legal or illegal, to be traced.

## **8 Difficulties experienced by offshore life companies**

So then, knowing your customer, ensuring the presentation of an audit trail and aware of the techniques by which illegal money may be cleansed leads one to ask what are the difficulties that face the offshore life assurance industry? The risks for the offshore industry are many and are different in many respects from that of their on-shore counterpart. Those intent on money laundering are innovative; enjoy enormous funds and are prepared to incur significant loss in rendering their illicit funds “clean” . It is because the offshore jurisdictions are different and it is because they have a higher risk profile that they are vulnerable to misuse. Risk awareness, risk identification and risk minimisation is what joins us altogether. Here are some - which are not exclusive of possible others - to be considered.

- The “Distance” risk
- The “Sales” risk
- The “Culture” risk
- The “Confidentiality” risk
- The “Specialist Agency” risk
- The “Claims Settling” risk
- The “Staff Turnover” risk
- The “Training” risk
- The “Responsibility” risk
- The “Fraud Squad” risk
- The “Trust”, “Fiduciary” and “Corporate” risks
- The “Branch” risk
- The “Reputational” risk
- The “Cancellation” risk
- The “Premium Sourcing” risk

### **8.1 The “Distance” risk**

Perhaps the biggest difficulty encountered by international life companies is the physical distance between the client and the company. Typically, onshore jurisdictions are limited to a market where a single language, a standard culture and one legal system is the norm. This is not the case for the offshore player. For example, Isle of Man insurers operate on a global basis. This has enormous implications given the variations of language, culture and comprehension this requires. The money launderer knows this and hence greater vigilance is necessary.

### **8.2 The “Sales” risk**

Sales by offshore insurers are invariably to two distinct markets. First, to expatriates working in a foreign location and second, within that location, to the domestic market. These pose different problems to the companies involved.

## **Expatriates**

Expatriates are typically “high net-worth” individuals. They always provide a lucrative source of business. Frequently they live either “on-site” or in accommodation provided by their employers. In so doing, many of the onshore-style sources of identification (typically, utility invoices, voting lists and so on) are removed. Furthermore, for most insurance/investment products, foreign references are not considered acceptable.

For the expatriate then, the usual source of identification can only be the passport. However that has its problems for no expatriate working away from home is going to allow his/her passport to be sent to a life company on the other side of the world. Equally it is often physically impossible to attend a notary's office to have copy notarised. Certainly it is cost prohibitive to do so.

Given these problems, the most pragmatic solution therefore is for companies to be reliant on the confirmation of the person selling the policy, that the documents accompanying the application are genuine copies of an original which they have seen and which relates to the individual taking out the policy.

## **Domestic**

Locally issued identity cards and passports are common and can sometimes be verified by the offshore insurer contacting the local embassy or government department. This is only possible on an occasional basis, and, understandably many departments are reluctant to release information on individuals ... assuming, of course, you can overcome the language barriers to get the instruction through!

Again, the insurer can really only be reliant on the seller in most instances to confirm it is a genuine document.

The fitness, propriety and competence of the seller<sup>2</sup> is therefore crucial and it is of vital importance that the insurance companies take sufficient measures to ensure that only those sellers able to demonstrate that they are both fit and proper to procure business are able to verify the documents produced by the applicants. This is a constantly changing pool of individuals and it is not uncommon for an unscrupulous individual, having been prohibited from acting in a highly regulated jurisdiction where his activities have been found to be less than acceptable to disappear from that arena only to resurface in another territory where the requirements to sell are less onerous. It is the responsibility of the insurance companies and regulators to ensure that these sellers are restricted in their operation as much as possible; there are sufficient difficulties to overcome in international markets with different languages and other barriers to getting confirmation of documents.

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<sup>2</sup> see examples 1 and 4

### **8.3 The “Culture” risk**

Culture is always a difficult area when assessing whether the funds to be invested are the result of criminal activity. In certain countries activities regarded as quite acceptable as a source of funds for investment would not be regarded as desirable or legal in another.

### **8.4 The “Confidentiality” risk**

Also to be considered are the bounds of confidentiality - the more verification of information you require, the more people will have to know details in order that their accuracy may be properly determined. The question to be put is how far can this go before a client's right to a confidential transaction - with or without their knowledge - is breached and becomes an issue.

### **8.5 The “Specialist Agency” risk**

An alternative used by many companies is the validation of information by a specialist agency. The biggest of these operate as franchises in many locations and advertise as “covering the globe”. The main downside of these is the cost, which has to be carried by the life company. They are generally reliable, although where franchised to local agents, national pride can be a factor. The inevitable consequence of that is that the principle of knowing your customer becomes undermined.

### **8.6 The “Claims Settling” risk**

So far, much of what has been said has settled upon the pre-contract creation stage of doing business. At the other end of the contractual relationship there are problems associated with paying claims. Here the difficulty is with the documents received; the language, medical terminology, forms (for example certificates of death), scripts and so on.

The information required to issue a death certificate varies tremendously from country to country – in many the doctor does not even have to see a body or be the regular consulting physician - therefore much reliance must be placed on the integrity of doctors and officials in the country of the policyholder. It can be costly and difficult to investigate claims made.

Most insurance companies have to accept certification by someone who appears to be authorised to do so. These will be checked on a regular basis but even then there is no guarantee that the doctor or official is not involved in the money laundering scheme.

## **8.7 The “Multiple Payment” risk**

The average size of international policies is generally large; certainly higher than the usual exemption limit allowed for small value business. For this reason money launderers might seek to fragment larger payments by issuing multiple cheques<sup>3</sup>. When received, they should be subject to greater scrutiny otherwise the system can be avoided.

The same should usually be true for third party cheques, travellers cheques and money orders submitted in payment.

In many cases the companies do not make any differentiation in the size of the premium and will ask for full verification of identity in all cases.

## **8.8 The “Cash” risk**

Respectable offshore jurisdictions generally do not enjoy much by way of cash transactions, nevertheless there are always new “twists” to traditional cash settlement systems, for example by using the medium of credit cards - a “respectable” source of cash!<sup>4</sup>

In some countries where the domestic banking system is not as advanced, there is a thriving market in second hand “cash substitutes”. These include recycled travellers cheques, endorsed cheques, and bankers drafts. Many are purchased from Bureaux de Change and the regulation of these establishments will deter the money launderer from using them to some extent.

## **8.9 The “Staff Turnover” risk**

Offshore life companies generally suffer from a higher than average turnover of staff. This is due to the highly labour intensive nature of the industry, and the finite staff resource in most offshore jurisdictions. Competition for good quality people is high and the offer of higher salaries and more attractive remuneration packages is inevitable. There is a risk that this high turnover may lead to difficulties in ensuring that all staff (including managers and directors) receive adequate and appropriate training.

The corollary of this, is that, with all staff having to be trained within a short time of being taken on, and where all companies maintain a reasonable training regime, an offshore jurisdiction should end up with a work force who have all attended quite a number of anti money laundering training courses, and are therefore far better trained than their onshore counterparts.

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3 see example 3

4 see example 2

## 8.10 The “Training” risk

Training is perhaps the most crucial aspect in the prevention of money laundering. Not to train precipitates a major downside risk of poor awareness and a staff that does not seek out suspicious circumstances. There is no substitute for alert staff.

Suspicious may be aroused as a result of one, or a combination, of any number of circumstances which may be associated with either a client case or transaction. Money launderers constantly invent new schemes, but the following list gives typical examples of traits:-

**Evasiveness** For example concealment of identity of client; concealment of identity of beneficial owner; concealment of ownership of funds; incomplete application details and lack of willingness to provide evidence to answers required should result in a member of staff becoming “suspicious”.

**Inappropriateness** For example, an application beyond lifestyle or means; unexplained changes in investment pattern; investment taken against advice or not appropriate to customer's true needs; sudden changes in intermediary transaction pattern; unexplained receipt of bulk premiums from intermediary accounts. All should raise a suspicion

**Unexplained or improper circumstances** For example, third party transactions (payments or withdrawals); cash or “near-cash” payments or withdrawal requests; multiple sources of payment; cross jurisdiction funding for payment; payment of premiums from early surrender of another investment in unusual circumstances; payment from obscure or unregulated organisations; unnecessarily complex transactions or intentions; requests for part investment and return of surplus funds; immediate interest in surrender penalties or requests for large withdrawals or policy loans; early surrender of a contract; use of trust or nominee facilities; receipt of unexplained Telegraphic Transfers; requests to return Telegraphic Transfers; requests for no correspondence to go to client; complex ownership structures involving layers of companies and/or trusts should, equally, make one suspicious.

The presence of any one or more of the above circumstances does not in itself mean money laundering is occurring. What it does mean is that there might be. Each employee or director of an insurance business must judge a case on its own merits. Only if they are personally suspicious should they then report the case in accordance with any procedures laid down.

The importance placed by any insurance company on training cannot be underestimated. But it is not without its problems. For example, those encountered

by offshore companies include possible reliance upon onshore based training material. For example the UK dependent territories may depend upon material produced for the UK wholesale/retail market. The onshore and offshore markets are very different not only in policy types and premium sizes but also by virtue of the different channels of distribution.

It has to be said also that the onshore jurisdictions are not always ahead of the offshore jurisdictions in matters relating to the prevention of money laundering. It is certainly fair to say that international business administrators in some offshore jurisdictions are a lot more aware of the potential use of their companies than their counterparts in others and indeed their counterparts onshore.

In several offshore jurisdictions, such emphasis is placed on the training aspects of money laundering prevention, that the requirement for a company to train its staff to a reasonable standard and maintain the level of knowledge with regular update courses has been embedded into legislation. The training aspects of avoiding money laundering can then be audited by the Regulator as part of a money laundering compliance visit.

### **8.11 The “Responsibility” risk**

Compliance responsibility must be firmly - and independently - pinned. There must be adequate and appropriate staffing in the compliance department and any Money Laundering Reporting Officer appointed must be a person of sufficient seniority. Responsibility, for example, is often given to the MD. This is a recipe for disaster. Responsibility should not be so tagged because s/he would not have sufficient time to keep up with trends.

There needs to be dedicated resources not only having access but also the budget to maintain awareness of requirements worldwide (certainly, wherever a company might do business). A weak compliance department represents a big opportunity for the launderer.

### **8.12 The “Fraud Squad” risk**

Liaison with the Police and in particular Fraud Squads is crucial to successful prosecution. In some offshore jurisdictions, Fraud Squads are relatively small. Because of this, there are restricted career paths. Opportunities for promotion are likely to arise elsewhere. A high turnover of serious crime officers is inevitable. An additional barrier to building up relations and understanding with the law enforcement agencies results therefore. Another frequent criticism of the way fraud squads operate is that money laundering is only a small proportion of their daily work, and often comes down the list behind other duties.

This is not now always the case, and in some, more enlightened jurisdictions, the importance of the Police in preventing and investigating money laundering has resulted in the creation of dedicated Financial Crimes Units. These are generally better staffed, frequently including a large number of specialist civilian employees, and the staff within the units are trained to a higher level in the specific requirements

of an offshore financial sector. They are also less likely to be involved in other police duties.

### **8.13 The “Trust”, “Fiduciary” and “Corporate” risks**

The use of trusts is common in the offshore life industry. In certain circumstances these may be used to conceal the identity of one or more of the parties involved. Extra diligence is needed in such cases therefore. In addition, there is currently no legislation or monitoring of corporate trustees in most, if not all, offshore jurisdictions. This must be addressed quickly by any jurisdiction seeking to maintain international respectability.

It is also common to have corporate investors. These too must be treated with care.

Where the ultimate beneficial owner of a policy is hidden behind layers of ownership, nominees, trustees or similar, extra care must be exercised, even though the reason for the structure may be valid tax planning.

A further difficulty is thrown up by the extreme secrecy operated by some fiduciary operations. Often it is acceptable business practice for a “regulated” fiduciary to make investments on behalf of their clients without divulging any details on the client at all - even something as basic as the client’s name may be with-held. Under these circumstances the onus placed on the appointment of introducer procedures, and any references taken upon them, increases significantly.

### **8.14 The “Branch” risk**

Having branch offices of an offshore operation in other jurisdictions adds to the difficulties faced. Compliance Departments, for example, must keep up with events in all the jurisdictions in which they have a presence and must ensure that the higher standard is applied there despite inevitable pressure from the sales force not to do so.

Internationally based branch operations may also be more difficult to monitor on a regular basis. Assistance may be frequently sought.

### **8.15 The “Reputational” risk**

In an offshore location, reputation is considered to be paramount, not only of the location itself but also that of the individual organisation within it. Problems may be encountered where one life company requires a different level of information/disclosure to another and a broker/intermediary may use an office where he knows procedures to be slack rather than one where checks are done and information required. To avoid this, compliance officers of all insurers must meet regularly to discuss and apply consistent standards and exchange information with the common goal of detecting or preventing potential money laundering activity while remaining competitive between each other.

### **8.16 The “Cancellation” Risk**

An investor usually enjoys the right to cancel the policy for up to 14 or 28 days after having agreed to do business with an insurer. Where such cancellation rights apply it is possible for an investor to submit an application and moneys then exercise this right receiving a cheque from the insurance company in return. Most companies operate a regular review of these and any intermediary or client appearing on this list frequently would be cause for investigation.

### **8.17 The “Premium Sourcing” Risk**

Another area where consideration and care is necessary is where premiums are initially paid from one source and then taken over by another, possibly a third party, and possibly with the policy being assigned to the new subscriber. Alternatively, a policy may start slowly and receive “top ups” and additional premium injections - a client may have been “checked out” to a certain level but this would require updating and re-verifying at the new level.

With the increasing popularity of second hand policies and Traded Endowments this is an increasing risk.

## **9 E-Commerce**

A new area of potential money laundering exposure has developed with the growth of e-commerce and the introduction of web application for policies. Currently few jurisdictions are prepared for this area with specific legislation or regulation, and therefore existing guidance is having to be adapted to accommodate this new market.

Most cautious companies are treating an application received over the internet as a standard application and requesting paper copies of the verification of identity documents before issuing the policy. Obviously this is unsatisfactory, where the advantage of an application technique is the speed of acceptance and instant issuing of a policy document, a delay while copies of documents are sent to the issuing companies head office may prove to be a “business killer”.

There is also the added difficulty with internet sales, in that they may, in many cases, be direct to the ultimate policyholder, i.e. that there is no introducer involved who can provide an independent verification of identity.

Once full acceptance of digital signatures, in the form of smart chip identification cards authorised by a registered issuer e.g. a government, is available to the mass market then the regulators will have to consider the implications and potential for miss-use these will bring.

## **10. Human Rights Legislation**

One final, recent, development to bear in mind is the introduction of human rights legislation throughout the world. The full implications of this on the prevention of money laundering are not yet known, however, early discussions have mentioned, amongst others, the difficulties in doing background checks on investors without the specific agreement of the individual involved, the potential difficulties if an investment is turned down when the insurance company is not satisfied that they have received sufficient verification of identity, and the potential problems resulting from disclosures to the relevant authorities. Also to be considered are the retrospective aspects of checking on cases which have been in existence since before the current level of requirements were in place, and the position of existing clients who decide not to supply information requested.

Until some experience is gained of the ongoing regime under this, we can only wait and see what changes, if any, are forced upon us.

## **11. The Regulators Role**

The exact role of the Regulator is still evolving, however, recent developments, for example the increasing requirement for the Regulator to conduct inspection visits on its licence-holders, shows clearly the increased importance of the Regulator in the anti-money laundering arena, and the necessity for the Regulator to be fully aware of the activities of the market place.

Previously it was considered sufficient for the Regulator to produce sector specific guidance on what it expected to see within the operations it covered, and to “hand this over” to the licence-holders. This was then supported by “Declarations” from the directors and auditors of the companies, confirming adherence to the requirements.

Now, the Regulator is expected to conduct audit visits, to examine files, documents and procedures and to satisfy themselves (and others) as to the compliance of the licence-holders with the regulation and legislation in place.

This has produced some interesting results, not least the moving away from very “black and white” statements of compliance, to a much more subjective, detailed report. A question was frequently asked on the materiality of a breach of compliance in respect of the declarations, when some directors were reluctant to confirm compliance when they were aware of some (minor) breach picked up by internal or external audit. From the visits it has become apparent that even the best run companies will have some areas of non-compliance, and every company visited will have some areas which require consideration. Realistically, this is only to be expected.

A further impact of this is the requirement of the Regulator to have not only additional numbers of employees to carry out these visits, but also to recruit market and operationally aware staff who are able to make commercial and operational judgements on the files reviewed. Once the staff are employed, it is also essential that they are kept informed of the latest scams, swindles and inventions of the money launders throughout the world.

It is also useful for the Regulator to maintain a good working relationship with the other players in the anti-money laundering field. Regular liaison with Police and Customs and

Excise is essential. It is also an advantage for the Regulator to maintain a good working relationship with the companies it regulates, in particular with the Money Laundering Reporting Officer so that by sharing experiences even better preventative measures can be taken.

Finally, the visit programme leads to changes in the guidance and possibly the legislation backing it. When consideration is given to the use of the guidance in an operational environment it may not always be practicable, and interpretation of specific sections can be very wide and while not exactly contradicting the regulation, can move very far away from what was intended. The re-drafting of guidance is not uncommon following a series of visits, both to close doors inadvertently left ajar and to clear up any confusion or misinterpretation which may exist.

## **12. Conclusion**

Offshore life insurance is obviously a potential source for money laundering activity. The whole issue revolves around the "know your customer" concept, but before stopping or refusing an application, the importance of an audit trail should be considered. The "know your customer" rule is obviously important, but without adequate and appropriate training of all staff this fundamental rule would be unworkable.

An insurance policy can be used for money laundering at any point during its life - it is not sufficient just a check matters when the client applies for a business relationship; evaluation should take place at any time when the circumstances change or when changes are being made to the policy which, of course, includes maturity, surrender or claim.



with the increasing use of credit cards to pay insurance premiums the conduit of the bank is not needed, and a new source of funds has appeared.

### **Example 3**

A Panamanian charitable foundation applied for business. The address was care of the World Trade Centre in Zurich and all correspondence was to go via their intermediary. Premiums were remitted by telegraphic transfer from two different companies in an offshore centre. The life company challenged the source of funds at which time it became apparent that a company formation agent in the same offshore centre was also involved. Suspicions were raised because of the above and the fact that the stated purpose of the foundation was the support, education, nurturing and welfare of children throughout the world. Why did they need all these layers of secrecy if that was its purpose?

The compliance officer of the life company spoke with contacts in other life companies in the jurisdiction and it transpired that the broker had opened an agency with several of them and submitted similar business.

All amounts submitted were below a monetary limit, but added together very large sums were involved - why was it being spread around?

Certification was obtained from an IFA that it was an existing company known to him before April 1997. The foundation was only formed in July 1997!

Disclosures were made and feedback suggests a Swiss bankrupt who was possibly misappropriating clients' funds from the UK.

### **Example 4**

A drug trafficker bribed an insurance salesman to accept cash. The purpose, to purchase a large single premium insurance policy.

The two persons had co-operated on several prior occasions, each involving large sums. On one occasion the salesman put the cash into his own bank account and paid for the policy with his own cheque.

Staff at the insurance company noticed the cash payments and reported them to the sales manager who, after a cursory interview with the salesman, advised that all was well. To avoid any further queries, the salesman and drug trafficker opened their own bank accounts for the purpose of purchasing further policies for cash.

The drug trafficker was already under investigation by HM Customs and Excise.