

CANADIAN BULLETIN

REF: AD-16-008

DATE 2016-05-09

RECIPIENT All Lineage Coverholders and Third Party Administrators

SUBJECT Lineage Sanctions Monitoring

<i>Purpose:</i>	To advise Stakeholders of the daily Sanctions monitoring performed on Lineage and provide clarification of bulletin AD-14-010
<i>Affects:</i>	All Lineage Coverholders and Third Party Administrators
<i>Line of Business:</i>	All
<i>Jurisdiction :</i>	All provinces/territories in Canada
<i>Effective:</i>	Immediately

What you need to know

Laws require on a continuing basis the search of records to determine whether financial institutions (including Coverholders and their Managing Agents) have entered, or risk entering into, prohibited or restricted transactions with Designated Persons or those associated with them or with sanctioned countries or financial sanctions related to prohibited or restricted trade.

What's changed

In order to ensure our continued compliance with these regulatory requirements, we provide daily screening of all risks processed through Lineage. Our bulletin AD-14-010 advised the stakeholders that we restricted sanction screening to business written under certain classes. However, all risks processed through Lineage are validated on a daily basis against the consolidated listings from the OSFI Website (Designated Persons Listings and Sanction Laws section) for UN, OSFI, UK Treasury(OFSI) and OFAC. This daily screening is restricted to Canadian domiciled locations only.

Screening is also performed against all claims loaded through Lineage, checking against the claimant's name, as well as against the claim payment payee (where this differs from the insured name). This check occurs overnight on the day the claim/payee is loaded to the system. Therefore it is mandatory that the Coverholder/TPA inserts the name of the payee (if different from the insured) into the "Payee Name" field on the Lineage database **prior to the cheque being issued to that payee** by the Coverholder/TPA. This is to allow the sanctions screening tool to perform its overnight check and to give Lloyd's Canada time to notify any potential sanctions matches to Coverholders. In addition, this will ensure that there is no risk of a payment being made to a sanctioned party which has not yet been identified by the sanctions screening tool.

In the event that, Lloyd's Canada notifies a Coverholder/TPA of a match or potential match to an insured and/or claimant, the Coverholder/TPA should ensure that any claims relevant to that policy are not paid until an investigation has been completed into whether the match is false or positive.

What does this mean to you

The sanctions screening through Lineage provides added benefits to Coverholders/TPAs who report their business through this system. However, each Coverholder must contact their syndicate(s) and obtain their approval to use Lineage as a sanctions screening tool in order to meet the terrorist and sanctions monitoring requirements.

Finally, Coverholders remain subject to the following minimum standards for screening purposes including:

- All key staff must complete the Lloyd's e-learning Financial Crime modules on Sanctions, Bribery and Money Laundering
- Ensure that there are written sanctions policies and procedures in force
- Implement internal written procedures on the action they will take on discovering a confirmed match, or a potential target match, to a policy or claim that is identified through the screening process
- Appointment of a senior management person to receive notifications, investigating and reporting confirmed matches or potential target matches to the appropriate persons (including managing agents and Lloyd's Canada)
- Provision for a clear audit trail of potential target matches and actions taken to investigate matches and potential matches
- Provide training to staff on an ongoing basis in respect of sanction matters.

If you have any questions, please do not hesitate to contact info@lloyds.ca.

Regards,

SEAN MURPHY

President, Lloyd's Canada Inc.
Attorney in Fact in Canada for Lloyd's Underwriters
Fax 514 861 0470
info@lloyds.ca