

Research on Customer Identification Problems and Countermeasures in Internet Life Insurance Business

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Abstract: Customer identification is the front-end of anti-money laundering work of insurance financial institutions. It determines the effectiveness of suspicious transaction monitoring in the operation of anti-money laundering monitoring system and the quality of suspicious transaction analysis by operators. Due to the openness of the economy in the Northeast and the prominent geographical features of Hong Kong and Macao, the insurance financial institutions have some unique problems in the customer identification mechanism, which increases the difficulty of the anti-money laundering enforcement agencies and affects anti-money laundering. This paper analyzes the specific problems existing in the customer identification mechanism of insurance financial institutions in Northeast China, and then proposes a perfect mechanism.

1. Introduction

Customer identification, also known as “know your customer” or “customer due diligence”, refers to a financial enterprise that takes a customer with different money laundering or terrorist financing risk characteristics when establishing a business relationship with a customer or providing financial services to a customer. Corresponding measures, confirm the true identity of the customer, understand and pay attention to the customer's occupation or business background, transaction purpose, nature of the transaction, and source of funds, use of funds, actual beneficiaries, etc.

2. Problems existing in the current customer identification mechanism of insurance financial institutions in Northeast China

2.1 Technical barriers to the identification of customers in Hong Kong, Macao and Taiwan.

Due to geopolitical factors, the internationalization process of the northeastern cities has been accelerating, and the number of policy businesses involving Hong Kong, Macao, Taiwan and foreign-related customers has continued to rise, and operational barriers to customer identification have increased. The valid identity documents of Hong Kong and Macao residents are Hong Kong and Macao residents travelling to and from the Mainland. The certificate is entrusted by the Ministry of Public Security to Hong Kong and Macao China Travel Service to accept the permit application, and the Guangdong Provincial Public Security Bureau authorizes the approval and issuance. The current ID card verification system is only for China. The development of resident

identity information verification cannot identify the identity of foreign-related financial services (including Hong Kong, Macao and Taiwan). Once the willingness to insure occurs, the insurance organization is relatively dispersed in work guidance and lacks effective computer system support. In the process of customer identification, it often causes inconvenience to customers, or touches the regulatory bottom line, and even legal risks occur during the insurance process. By identifying the customer, the financial institution can:

- ◆ Confirming the true identity of the customer and preventing the penetration of criminal funds into financial transactions^[1].
- ◆ Finding and scientifically judging suspicious transactions suspected of illegal crimes in a timely manner.
- ◆ Guarantee the truthfulness, accuracy and completeness of the customer's identity data, and provide necessary information for law enforcement agencies to investigate money laundering and terrorist financing activities.

2.2 Relatively poor customer identification information collection quality

In recent years, the insurance business of the silver channel in Northeast China has developed rapidly. However, in the insurance policy of the Yin Dynasty channel, only the insurance policy will be collected by the insurance institution if it only touches the insurance policy for the insured's survival investigation and other supplementary insurance measures. In addition to other policies, insurance institutions usually collect customer identification data from banks. The structure of the following figure 1 can clearly show the impact of performance management and government departments on insurance business:

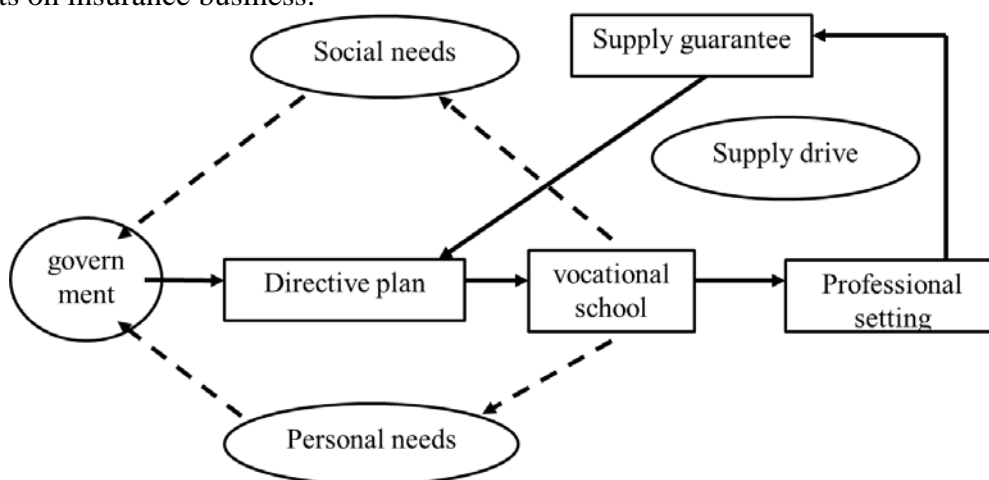


Figure 1: Feedback adjustment of Internet life insurance and customer identity

In the process structure of Figure 3 above, according to the relevant provisions of “Financial Institutions Customer Identification and Customer Identity Data and Transaction Record Preservation Management Measures”, such insurance policies, such as ID card validity period, nationality and other related information, are missing more. The authenticity of the information in the occupational category is also relatively poor. The bank's customer communication training for tellers and account managers is mainly about how to market products, retain customers, and rarely involve customer identification content. The channel management personnel of insurance institutions also lack customer identification awareness and work skills. The basic information of the bank's collection of customer identity mainly depends on the customer's initiative. The customer is usually unwilling to provide professional information. The bank does not require the customer to provide relevant supporting documents for the convenience of convenience^[2].

2.3 Restricted Anti-money laundering related information

As far as the authors have engaged in the banking and insurance industry's anti-money laundering work, the insurance industry financial institution's customer risk classification work is relatively slow, and some insurance financial institutions have insufficient understanding of the importance of customer risk classification work, and initiative. The consciousness is not strong. The "wheel" model shown in Figure 2 below can effectively reflect the development of the insurance business:

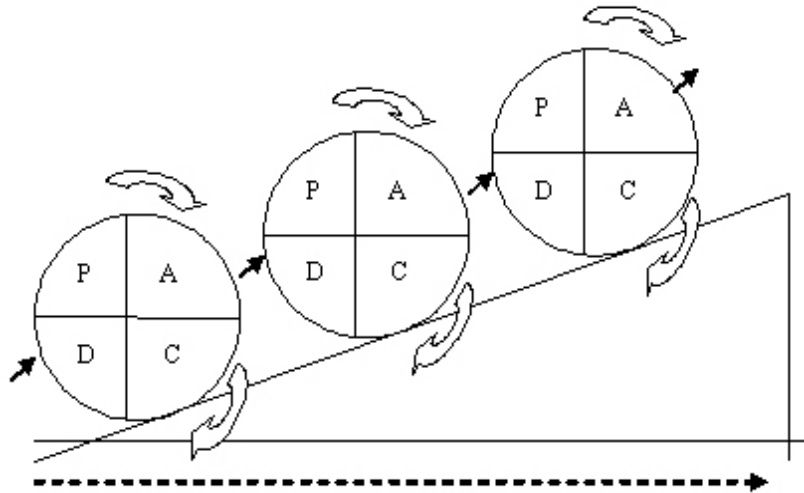


Figure 2: The "wheel" model of Internet life insurance in the loop

As shown in the "wheel" model shown in Figure 1, the divisional standards of the banking industry are relatively substantial, the caliber is relatively uniform, the reference factors are many, the operability is strong, and the risk classification standards of insurance financial institutions are relatively simple and the caliber is not uniform. The content is a bit thin and lacks detailed operations for ongoing monitoring and management. For example, China Life Insurance only divides customers into five risk levels based on whether they are drawn by the money laundering process and whether suspicious transactions have occurred. The measures for adjusting the customer's risk level are not specified. The insurance institution should strengthen the training of the client's identification content by the account manager and the bank teller of the agent channel, and enhance the awareness and work skills of the customer's identification. In the course of business operations, in accordance with the relevant provisions of the "financial institution customer identification and customer identity data and transaction record preservation management measures" to develop a complete specification of the identification rules. At the same time, the insurance institution should further clarify the obligation of customer identification to the entrusted agency contract, and clearly stipulate the evidence supporting and verification obligations of the correspondent bank on key information such as customer occupation, contact information, address, and source of funds^[3].

According to the level of assessment indicators, the People's Property Insurance of China divides customers into three levels: high-risk customers, medium-risk customers, and low-risk customers. Xinhua Life Insurance divides the company's customers into four levels: unacceptable customers, special-grade risk customers, general-level risk customers and general customers, and specifies the adjustment of customer risk levels. Because the classification criteria of insurance institutions are not uniform, it directly affects the statistical analysis of the customer's risk level information and the establishment and maintenance of the anti-money laundering blacklist database, and then establishes effective customer money laundering risk assessment system to build customer money

laundering risk. The early warning platform has an impact.

3. Conclusions

Customer risk level management is not only an effective way for insurance institutions to implement customer identification systems, but also effectively prevent customers from using insurance policies to conduct money laundering activities. It is also a principle for insurance institutions to implement “risk-based” principles. The unified risk classification standard is to establish effective customer money laundering risk assessment system and to establish an inevitable choice for the customer money laundering risk early warning platform. The supervisory authority shall formulate uniform quantitative or qualitative indicators according to the characteristics of the insured or the purpose of insurance, and combine the factors of business, industry, geography, background (whether it is national or foreign political figures), and require the insurance institutions to classify the risks of the customers.

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