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This memorandum is for general information purposes only and does not represent our legal advice as to any particular set of facts, nor does this memorandum represent any undertaking to keep recipients advised as to all relevant legal developments.

**Issuance of Guidance and Frequently Asked Questions
Regarding the Anti-Money Laundering Program and Suspicious Activity
Reporting Requirements for Insurance Companies**

On May 31, 2006 the Financial Crimes Enforcement Network (“FinCEN”) issued frequently asked questions regarding its Anti-Money Laundering Program and Suspicious Activity Reporting (“SAR”) Requirements for Insurance Companies.¹

FinCEN provides guidance on the following four topics:

1. Other Insurance Products with Features of Cash Value or Investment. FinCEN responds to the question of whether the catch-all category of “covered products” (the provision of which triggers anti-money laundering and SAR compliance requirements) could include “group policies or group annuities that allow individual investment or have cash value for an individual”. FinCEN concludes that group life insurance policies or group annuities are not covered because they are administered according to guidelines that make them less vulnerable to abuses by plan participants.
2. Customer Identification Programs. FinCEN clarifies that while insurance companies are not subject to a rule requiring implementation of a Customer Identification Program, insurance companies subject to the anti-money laundering requirements must obtain “all relevant and appropriate customer-related information necessary to administer an effective anti-money laundering program.”
3. SAR Form. Since the proposed new SAR reporting form applicable to insurance companies has not yet been finalized, insurance companies are advised, until further notice, to use the SAR Form used by the securities and futures industries (FinCEN Form 101, SAR-SF) to report suspicious activity.

¹ This memorandum supplements an earlier firm memorandum dated November 4, 2005 which describes these requirements which became effective May 2, 2006.

4. Agent and Broker Training. FinCEN advises that while it fully expects all insurance companies will have formally adopted written anti-money laundering policies and procedures that include reasonable plans for training of all appropriate agents and brokers, it also acknowledges that some insurance companies may require additional time to complete all training of appropriate agents and brokers.

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If you have any questions about the issues addressed in this memorandum or if you would like a copy of any of the materials mentioned, please do not hesitate to contact Rand McQuinn at (202) 862-8932 or mcquiR@cgrdc.com; or Kathy Silberthau Strom at (202) 862-8944 or stromk@cgrdc.com.