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**OECD COMMON REPORTING STANDARD CUSTODIAN BANKS OF INSURANCE
AND ANNUITY POLICIES**

THIS BRIEF WILL EXPLAIN WHY
CUSTODIAN BANKS OF INSURANCE
AND ANNUITY POLICIES DO NOT
HAVE REPORTING OBLIGATIONS,
EVEN IF THEY IDENTIFY THE
POLICYHOLDER FOR AML
PURPOSES.

A common misunderstanding is banks must report on policyholders of insurance and annuity policies they are custodial institutions for.

No CRS reporting by the insurer's custodian banks

Custodian banks in a CRS participating jurisdiction who maintain an account of an insurer will not report on cash value insurance policies according to OECD CRS commentary.

- In general, an account would be considered to be maintained by a Financial Institution as follows: In the case of a cash value insurance contract, by the Financial Institution that is obligated to make payments with respect to the contract¹. This means the insurance company is considered to be the reportable FI which maintains an insurance policy account and not the custodian bank.
- The term custodial account² as an account **other than an Insurance contract**³. This means the custodian bank is not considered as the FI maintaining the account. This confirms the custodian bank does not have any reporting obligations on custody accounts of insurance contracts.
- A passive NFE includes an investment entity that is not a participating jurisdiction Financial Institution⁴. This means that FI maintaining an account held by a US or US territory investment entity must treat that investment entity as a passive NFE. As a result, reporting FI are required to look-through that type of investment entity. However, a specified insurance company even if located in a non-participating jurisdiction, is not an investment entity and therefore is not regarded as a NFE. FI institution (bank maintaining custodian account) will not look-through the insurance

¹ OECD CRS— Page 176 – Commentary on Section VIII – Par (62)

² OECD CRS – Page 51- Definition of Custodial Account

³ OECD CRS— Page 178 – Commentary on Section VIII – Par (68)

⁴ OECD CRS— Page 195 – Commentary on Section VIII - Par (123)

OECD CRS on custodian banks of insurance policies

company for cash value insurance policies issued by a specified insurance company
in a non-participating jurisdiction.

REASON – CRS DOES NOT WANT DUPLICATE REPORTING

Dated this, the 24th day of July, 2016



Mark Morris

===== **END OF BRIEF** =====