



## Fraud/Ethics/AML Study Guide

- Fraud is not an acceptable practice in the insurance industry.
- There are many types of fraud in the insurance industry.
- Insurance fraud penalties are severe.
- Gather as much info as possible before reporting fraud.
- Fraud can involve deception, confidence and trickery.
- There are 2 types of embezzlement; Direct and Indirect.
- Criminal Law is the area of law that deals with offenses of a public nature.
- Civil Law is area of law dealing with violations of private rights.
- Fraudsters are not honest people.
- There are many types of fraud schemes.
- Vehicle smuggling involves maximum financing.
- A capper or runner, recruits patients.
- Compliance is achieved by documenting efforts to combat fraud.
- Integrity is essential in the insurance industry.
- Objective people are not influenced by emotion or by personal bias.
- There is always risk of conflicts of interest during a sale.
- Nothing can substitute for experience in the insurance industry.
- All clients should expect the highest level of privacy.
- Never disclose your client's nonpublic personal info to anyone.
- Code of Ethics = General principles for behavior.
- Brokers work for clients not carriers.
- Life Insurers cannot unfairly discriminate.
- Keep copies of client's apps and policies.
- Money Laundering is not legal.
- Insurance agents and brokers are required to report money laundering.
- Insurance fraud can be hard or soft
- Making material false statements in connection with claims or payments is an element of fraud.
- Fraud can be reported to the State Bureau for Fraud, the State Medical Board, and The National Insurance Crime Bureau.
- Consumer Fraud involves not paying or deceiving organizations into something for nothing.
- Ponzi, ID Theft and Telemarketing scams are all examples of investment and consumer fraud.
- The primary reason for committing fraud is an immediate financial need.
- Premium Fraud is when premiums are collected but not remitted to the carrier.
- Lawyers, Doctors and Claimants can all be involved in organized fraud scheme.
- Divorce, Death and Personal Holdings may create conflicts of interest.
- Adequate levels of knowledge drives competent advice.
- You have a duty to be informed of client and relevant market information as well as maintain your professional development.
- Fairness is impartial honest and free of conflicts of interest.
- Courtesy is polite behavior.
- Diligence in financial planning involves providing services with great effort or care.

- There are personal and legal consequences in breaching ethical responsibility to clients.
- NAIC is National Association of Insurance Commissioners
- Misappropriating funds, committing a felony and fraud can get your insurance license suspended or terminated.
- Concealment is neglecting to communicate what you know to be true.
- Tax evasion is considered as predicate money laundering crimes.
- Placement, Layering and Integration are money laundering stages.
- Money laundering is a process criminals use to make illegal money seem legitimate.
- Drug Trafficking is a criminal activity.
- AML stands for Anti-Money Laundering.
- Agents and brokers are not required to have separate AML programs.
- Selling units in annuity investments, borrowing against cash value and proceeds from early surrender of policies are all ways insurance products can be used for money laundering.