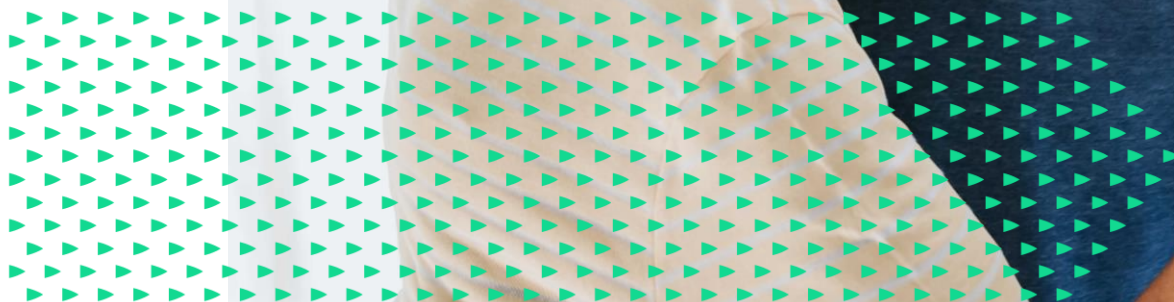




Producer Fraud & Elder Abuse Training

TRAIN-FRAUD 02-22 A



OBJECTIVES

01

Understand Your Role in
Fighting Fraud

02

Understand Elder Financial
Exploitation/Abuse

WHAT IS FRAUD

The National Association of Insurance Commissioners (NAIC) states:

- Insurance fraud occurs when an insurance company, agent, adjuster or consumer commits a deliberate deception in order to obtain an illegitimate gain

Suspected insurance fraud includes any misrepresentation of fact or omission of fact pertaining to a transaction of insurance including claims, premium, withdrawal/surrender and application fraud

Kuvare US Holdings, Inc, its subsidiaries and affiliates are strongly committed to taking reasonable steps to ensure that all honest insured, beneficiaries and claimants are not disadvantaged by fraudulent activity

To meet this commitment, we maintain reasonable processes and procedures for the prevention and detection of potentially fraudulent activities and for the training of producers regarding the detection and reporting of such activities

FRAUD FACTS

A typical organization loses
5% annually to fraud

Fraud steals \$80 billion a year
from the insurance industry

Over 60% of insurers say fraud
is increasing

WHY DO PEOPLE COMMIT FRAUD?

There are three factors that are generally present at the same time which leads an ordinary person to commit fraud. This represents the Fraud Triangle

Financial Pressure

- Motivation for the crime

Opportunity

- Method by which crime is committed

Rationalization

- Justification of the crime

WHO COMMITTS INSURANCE FRAUD

Ranges from organized crime rings to regular individuals acting alone

Most fraud cases are not one-time events

Usually start small and increase

KUVARE'S ANTI-FRAUD PLAN

Kuvare has a robust Anti-Fraud plan which includes descriptions of Kuvare's policies and practices for:

- Employee and producer education and training
- SIU Staffing
- Fraud detection
- Fraud investigations
- Suspected fraud referrals
- External reporting of suspected fraud
- Restitution

IDENTIFYING FRAUD SCHEMES

Red Flags

- Red flags help identify situations that could be fraudulent
- Become familiar with the red flags found at the end of this course

If you see something – say something

- It is your duty as an appointed producer to identify potential red flags in the transactions you facilitate on behalf of your customers
- If you see something suspicious – **REPORT IT!**

FRAUD RED FLAGS

Fraud Red Flags include, but are not limited to:

Stranger Owned Life Insurance – STOLI Related Activities

Ownership and beneficiary changes to Settlement Companies

Premium financing arrangements

Lack of insurable interest of owner

New Business

Inconsistencies in height, weight, physical descriptions, license numbers or social security numbers

Employment address is a P.O. Box

Money Order (or other cash equivalent) used to pay initial premium, particularly large single premium

Premiums exceed the client's apparent means

Premium being paid by someone other than the insured or owner or financed by unapproved premium finance program

Applicant states they do not know how premiums will be paid

Financial information provided on the application is false or cannot be verified

Applicant is a recent arrival to the US

Applicant resides, works, or spends a great deal of time in a foreign country

Applicant cannot provide driver's license or other identification or has a temporary or recently issued form of identification

Applicant overly interested in claim procedures or is unusually familiar with insurance terminology or procedures

Beneficiary does not have an insurable interest

Owner does not have a relationship to the insured

Offering or providing anything of material value to any Company officer or employee or Insurance Producer in exchange for special consideration in the underwriting or claims process

Deliberate omission or falsification of information relative to medical history, age, sex, owner, insurable interest or beneficiary of a proposed insured.

FRAUD RED FLAGS

Fraud Red Flags include, but are not limited to:

In Force Processing

- Forged signatures on documents
- Inconsistent use of credit cards or cash equivalents used to pay premiums
- Multiple policies/contracts on the same individual for no apparent reason
- Payment or surrender via wire transfer from/to foreign parties
- Ownership and beneficiary changes shortly after issue, particularly to unrelated third party
- Duplicating or altering dollar amount on check issued to customer
- Phone call from person impersonating a party to the contract
- Misrepresentation as attorney-in-fact under a Power of Attorney, guardian or trustee, incompetent person or a person's assets
- Guardian of a minor directs payment to their personal account, despite court order to place funds in a restricted account
- Address change made in conjunction with a financial request
- Payee signature forged on check issued to customer
- Altering dollar amount or payee on check issued to customer
- Change in face amount at or near the first policy anniversary
- Submission of a false withdrawal or surrender in any manner

WHAT CAN YOU DO TO FIGHT FRAUD

Know your Red Flags

Promptly Report:

- Any suspicion of fraud – you don't need to investigate or have proof
- Identification of fraud Red Flags in any situation
- Allegations of fraud by any individual (including employees) or entities

REFERRING POTENTIAL FRAUD

**If you have any concerns,
report them!**

- **Report any suspicion of fraud – you don't need to investigate or have proof before reporting**
- **Report any “red flag” you encounter**
- **Report allegations of fraud by individuals or entities**

If in doubt – report it!

HOW TO REPORT SUSPECTED FRAUD

1

Report to your agency or IMO. They can then work with Home Office to open an investigation

2

Report directly to the Home Office or administrator of the policy

3

Call the whistleblower hotline 800-673-4348

WHAT HAPPENS NEXT?

After suspected fraud is reported, it is immediately referred to Kuvare's Special Investigations Unit or "SIU"

SIU reviews referral
and related
documents

SIU logs referral

SIU decides whether
or not to investigate

SIU completes
investigation

SIU provides findings
to and works with
business units/TPAs
to remediate (if
applicable)

SIU Coordinator
reports to state DOI
or fraud division as
appropriate

SUMMARY

Be familiar with common fraud schemes

Be familiar with Fraud Red Flags and review them often

Trust your instincts

Report suspicious activity immediately

Reporting fraud benefits:

- **EVERYONE**
- **Producers**
- **Customers**
- **Beneficiaries**
- **State Departments of Insurance**
- **Kuvare**

PROTECTION OF ELDERS

Elder Abuse

- Defined as “any abuse and/or neglect of persons age 60 and older by a caregiver or another person in a relationship involving an expectation of trust”

Can Be

- Physical
- Emotional
- Financial

Elder Financial Exploitation

- Exploitation refers to the act or process of taking advantage of an elderly person by another person or caretaker whether for monetary, personal or other benefit, gain or profit

FINANCIAL ELDER ABUSE

Taking money or property

Forging signatures

Deception, coercion or undue influence over elder

Improper use of guardianship or Power of Attorney

STATS

- 1 in 8 cases of elder abuse involve financial exploitation
- Only 1 in 23 cases are reported

FINANCIAL ELDER ABUSE

Financial Activity Red Flags of Elder Exploitation or Financial Abuse

- Significant change in customer's financial habits
- Customer does not remember requesting transactions
- Customer seems nervous, dazed or even fearful
- Sudden changes in who is conducting financial transactions on behalf of the older adult
- Abrupt changes to financial documents such as power of attorney, joint accounts, beneficiaries
- Disregard of penalties
- Making requests beyond legal authority outlined in documents
- Monies not being used in the interest or intent of the Elder
- Change of address
- Suspicious signatures

OTHER RED FLAGS

Excitement over a financial windfall, prize or love interest

New association with young people that appear to be strangers

Family member, Attorney in Fact, or caregiver requests account information and makes withdrawals or changes

Family member, Attorney in Fact, or caregiver blocks elder's communications with Company

Customer appears coached by someone in the background

PROTECTION OF ELDERS

Elder Exploitation Detection Best Practices

- Review Red Flags often
- If suspicious activity or circumstances are detected, report it immediately
 - If you see something – say something!

REMINDER - HOW TO REPORT SUSPECTED FRAUD OR ELDER ABUSE

1

Report to your agency or IMO. They can then work with Home Office to open an investigation

2

Report directly to the Home Office or administrator of the policy

3

Call the whistleblower hotline 800-673-4348