

Pocketing Premiums

Jill ran her own insurance company. She was short on cash so rather than forward customer premium payments to the issuing insurance company, she placed the money in her personal bank account. When a policy holder had a minor claim, she paid the claim from her own pocket. When a major claim was submitted, she was unable to cover the claim and the policy holder discovered their policy had been cancelled for non-payment months prior.

If you wish to report suspected insurance fraud or to learn more about insurance fraud and how you can prevent it, visit www.ifd.utah.gov



UTAH INSURANCE DEPARTMENT FRAUD DIVISION

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WHAT IS INSURANCE AGENT FRAUD?

IT IS A SERIOUS
CRIME.



**Utah Insurance
Department
Fraud Division**

Identity Theft

Jim worked as an agent for an auto insurance company. In an effort to obtain new customers and meet company cash bonus standards, Jim needed to provide better premium rate quotes than his applicants qualified for. Jim used names from other applicants who had high credit scores to obtain a lower policy quote. After the policy was obtained, he would remove the person with the high credit score and replace with the actual policy holders identity.

THE CRIME...

Insurance agent fraud is a serious crime.

The majority of insurance agent arrests in Utah involve:

- Pocketing policy holder's premium payments for personal use,
- Identity Fraud. Using personal information, such as Social Security numbers,
- Creating false automobile bills of sale to qualify for insurance,
- Unsuitable policy or annuity sales,
- False life insurance policy sales where a false name is used on the policy, the agent pays the premiums, and then collects commissions worth more than what was paid in premiums.
- Cancelling a policy months before a customer requests and pockets the refund.

Selling Unauthorized Annuities

In an effort to increase his commissions, Adam sold annuity policies authorized in a bordering state to residents in Utah. These annuities typically had higher earning potential but also had longer commitment terms and early withdrawal penalties than allowed in Utah. Adam falsified the annuity applications by listing a false residence address in the neighboring state for the applicants.

WARNING SIGNS?

- An insurance agent wants to use an alternative form of ID other than your drivers license,
- An insurance agent wants you to pay in cash or with a blank money order,
- An insurance agent wants to use a different address than where you live,
- An insurance agent fails to provide copies of the insurance policy,
- An insurance agent wants you to file claims directly with them rather than with the company

The above are just a few warning signs to watch for.



Churning Insurance Policies

Scott was an insurance agent who was licensed to sell for several different Insurance companies. Scott frequently contacted his policy holders and convinced them to change policies from one company to another stating it was in their best interest. In most cases, it was not in the best interest of the policy holder, but was instead done to qualify Scott for additional commissions and bonuses he was not entitled to.

INSURANCE AGENT REGULATION:

The State of Utah is part of a U.S. insurance regulatory framework which is designed to protect policy holders and serve the greater public interest through effective regulation.

Insurance agents must be licensed through the State of Utah. You may look up an agent to verify they are licensed at: www.insurance.utah.gov/consumer

The Utah Insurance Department conducts administrative investigations regarding agent conduct and has the ability to fine, suspend, or revoke agent licenses.

The Utah Insurance Department Fraud Division conducts criminal investigations into agent conduct that violates criminal code.

Insurance agents convicted of a 2nd degree felony are placed on the States White Collar Crime Registry.