

Welcome and thank you for attending!


The webinar will begin shortly.

Insurer Back Office Processing

How to Mitigate Key Operational Risks



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Currin Insurance Compliance Education Program

Online / on-demand training for insurance compliance professionals.

About Maureen

Maureen has held numerous compliance management roles in the insurance and securities industry for over 25 years. She has a solid understanding of the distinctive compliance needs of fixed insurance carriers and distributors. Maureen is skilled at recognizing compliance risks and identifying steps to help mitigate those risks. She is currently Co-Director of the Compliance and Risk Mitigation Assistance program for Currin Compliance Services, Inc.



Insurer Back Office Processing

How to Mitigate Key Operational Risks

Maureen C. James, FLMI, ACS, AIRC

Co-Director, Compliance and Risk Mitigation Assistance Program

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Benefits of risk
mitigation in home
office processing

protect your
company



Key Areas of Operational Risk

New Business Processing

Policy Change Processing

Claims Processing


Annuity Application - Kansas

John M. Smith
1 Main St
Anywhere, NE 12345

0000

DATE January 15, 2016

PAY TO THE ORDER OF Kansas Annuity Company \$ 153,223.98

One hundred fifty three thousand two hundred twenty three and ⁹⁸/₁₀₀ DOLLARS  Security Features Included

Memo: _____ J M Smith

⑈0000000000⑈000000000000⑈00000000

Fictional Case Study – New Business Processing *(cont.)*

Poll:

Which of the following transactions is NOT considered by NAIC model regulations to be a replacement?

1. Surrendering a \$100,000 whole life insurance policy and using the funds to purchase a new universal life insurance policy.
2. Taking a partial withdrawal of \$50,000 from a fixed annuity and opening a new fixed index annuity with the same carrier.
3. Cashing in a \$75,000 bank CD and purchasing a single premium fixed annuity.
4. Taking a \$50,000 loan from a variable life insurance policy and purchasing a new universal life insurance policy.

Fictional Case Study – New Business Processing *(cont.)*

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4. Taking a \$50,000 loan from a variable life insurance policy and purchasing a new universal life insurance policy.

New Business Processing Risk Mitigation

Non-resident Sales

Research all state requirements

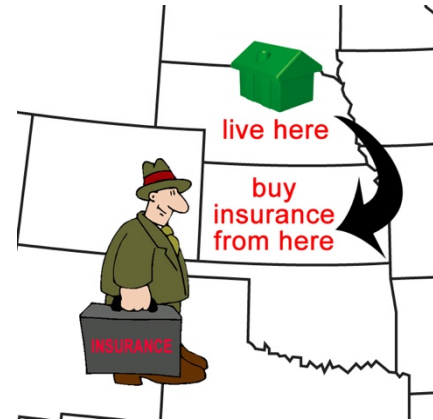
Non-resident sales form

Ongoing communication to agents

Training of home office employees

Trending for agents with his % of sales to consumers in other states

Monitoring of agent sales for agents who live/work near state border(s)



New Business Processing Risk Mitigation *(cont.)*

Undisclosed Replacements

Compare application and other paperwork with funds received to identify potential undisclosed replacement

Monitor complaints for undisclosed replacements

Trending for high/low number of replacements by agent relative to company average (high churning, low disclosed replacements)

Consumer surveys



Fictional Case Study – Policy Change Processing

*Suzi Smith, Life Insurance Agent
She works from her home at
123 Main St., Somewhere, USA*

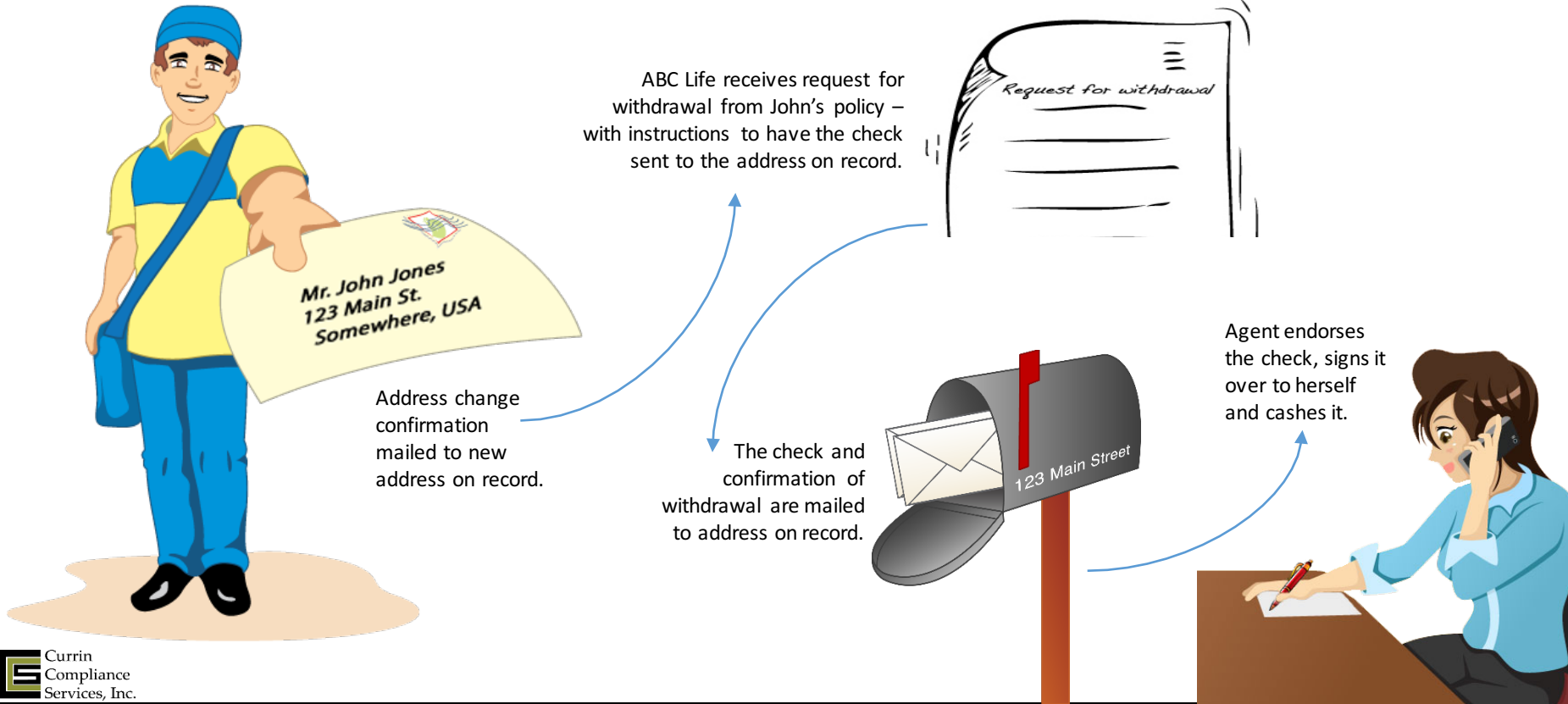


You are all set, Ms. Smith. I have updated the address for Mr. Jones to 123 Main St., Somewhere, USA. Is there anything else I can do for you today?



ABC Life Insurance Company
Customer Service

Fictional Case Study – Policy Change Processing (cont.)



Policy Change Processing Risk Mitigation

Protocols to verify who can make changes, verify identity of person requesting changes

Compare signatures on change requests with application

Compare agent address against client address

- Transactional or routinely
- Don't send distributions to agents

Don't permit distributions or other key changes for several days after a change of address to allow sufficient time for confirmations to be received

Send confirmation of address changes to both and new addresses

Direct contact with consumer (not through agent)

Fictional Case Study - Claims Processing



I am the beneficiary on my father's policy. I have questions about the death claim process:

- How long will it take to process?
- Can the money be wired to me right away?
- Why do you need an original death certificate?



Fictional Case Study - Claims Processing *(cont.)*



1		53-020930		CERTIFICATE OF DEATH		M462	
NAME OF DECEASED: WILLIAM KENNETH GALT		DATE OF BIRTH: 1913		PLACE OF BIRTH: N.Y.		DATE OF DEATH: 1973	
SEX: Male		RACE: White		MARRIAGE: Single		DATE OF MARRIAGE: 1935	
PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
CAUSE OF DEATH: Heart Disease		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
NAME OF DECEASED: Robert Williams		DATE OF BIRTH: 1913		PLACE OF BIRTH: N.Y.		DATE OF DEATH: 1973	
SEX: Male		RACE: White		MARRIAGE: Single		DATE OF MARRIAGE: 1935	
PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
CAUSE OF DEATH: Heart Disease		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
NAME OF DECEASED: John Miller		DATE OF BIRTH: 1913		PLACE OF BIRTH: N.Y.		DATE OF DEATH: 1973	
SEX: Male		RACE: White		MARRIAGE: Single		DATE OF MARRIAGE: 1935	
PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
CAUSE OF DEATH: Heart Disease		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
NAME OF DECEASED: Mary Jones		DATE OF BIRTH: 1913		PLACE OF BIRTH: N.Y.		DATE OF DEATH: 1973	
SEX: Female		RACE: White		MARRIAGE: Single		DATE OF MARRIAGE: 1935	
PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	
CAUSE OF DEATH: Heart Disease		DATE OF DEATH: 1973		PLACE OF DEATH: San Francisco		DATE OF DEATH: 1973	

Manner of Death:
"Unknown causes"

Death Certificate Date:
January 15, 2014

Fictional Case Study - Claims Processing *(cont.)*

I NEED THAT
MONEY
NOW!



Claims Processing Risk Mitigation

Require original certified death certificate

Confirm the identity of the beneficiary

Review instances in which a claim comes in within a short period of time after policy issued

Check Death Master File list for deceased's name

Be alert for clients who ask unusual number of detailed questions about your process, timing of payments

Contact the policy's agent of record to enlist their assistance

Consider making a referred to your company's SIU department

These risks are manageable


Well-designed compliance program

Written policies and procedures

Continuous training and communication

Strong culture of compliance

Robust supervisory and oversight structure



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Thank you for joining us!



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