



Agent Agreement

Great Western Insurance Company

3434 Washington Blvd. Ste. 100 • Ogden, UT 84401 • (866) 252-5594

This Agent Agreement (“Agreement”) is between Great Western Insurance Company (“GWIC”) and the individual and/or entity identified in the “Agent Demographic” section of this Agreement (“Agent”), and solely with reference to Section 7, the Guarantor defined in Section 7. Agent and GWIC may sometimes be referred to herein as a “Party” in the singular and “Parties” in the plural. All references to “Sections” herein shall be to Sections in this Agreement.

1. GENERAL POWERS, RELATIONSHIP, AND DUTIES

- a. Appointment and Authority.** GWIC hereby appoints and authorizes Agent to solicit and submit applications for life insurance policies offered by GWIC. Agent’s authority is limited to that stated in this Agreement. If Agent is an entity with more than one producing agent, each such producing agent (“Subagent”) who wishes to be appointed with GWIC must complete and execute a separate copy of this Agreement and obtain GWIC’s approval.
- b. Right to Reject.** GWIC may, in its sole discretion, reject any application for insurance presented by Agent.
- c. Independent Contractor.** Agent is an independent contractor. Nothing in this Agreement is intended to or shall be construed as creating the relationship of employer or employee between GWIC and Agent. Agent is free to exercise its own judgment in the exercise of its business, including the time, place and persons from whom Agent solicits applications for insurance.
- d. Business Conduct.** In addition to the obligations imposed upon Agent in this Agreement, Agent agrees that it will conform to all rules and guidelines stated in GWIC’s Standards Manual, rate books, compliance manuals or any other materials governing Agent’s conduct which GWIC provides to Agent (collectively, the “Company Rules”), as the same may be amended, in GWIC’s absolute discretion, from time to time. In addition, Agent agrees to comply with all applicable federal, state and local laws, rules and regulations (the “Laws and Regulations”). Agent agrees to aid in the care and conservation of GWIC’s insurance business, preserve, protect and promote the good name and reputation of GWIC, provide prompt service to GWIC’s policyholders, properly train and supervise its Subagents (if Agent is an entity) and employees (including, without limitation, any officer, director, employee, subcontractor, or other person authorized to act on Agent’s behalf) and ensure that they comply with all Company Rules and the Laws and Regulations.
- e. Limitation on Authority.** Without limiting the limitation of authority stated in Section 1(a) Agent agrees that this Agreement does not give it authority to:
 - i. Make, alter or discharge a contract for GWIC, set special rates, waive policy provisions, guarantee dividends, bind GWIC in any way, make any endorsement to any policy GWIC has issued or extend the time for payment of premiums.
 - ii. Publish or distribute advertising relating to GWIC and its products unless it has been approved in writing by GWIC in advance.
 - iii. Assign or transfer any right or interest in this Agreement without obtaining GWIC’s written consent in advance.
 - iv. Waive a complete answer to any question in an insurance application, pass on insurability or accept any underwriting information on GWIC’s behalf unless it is specifically entered in GWIC’s application forms.
 - v. Solicit applications in any state or for any products for which Agent is not licensed and appointed.
 - vi. Collect any money on behalf of GWIC other than the initial premium as permitted by the Company Rules or deliver any policy not paid for.
- f. Training and Marketing.** GWIC may make available training materials, sales aids or similar items for use by Agent. Such materials shall be solely for the purpose of assisting Agent in the operation of its business as it relates to GWIC and any costs associated therewith may be allocated to Agent as GWIC deems appropriate.
- g. Territory.** Agent is authorized to do business under the conditions of this Agreement in any territory in which GWIC is authorized to do business, provided Agent is properly licensed in such territory. No territory is

exclusively assigned. GWIC reserves the right to withdraw from all or any portion of any territory at GWIC's sole discretion without liability to Agent.

- h. Privacy.** Agent agrees that all nonpublic personal information, nonpublic personal health information and credit card cardholder data related to any insured or policyholder or to any customer or consumer (as those terms are defined by state or federal privacy laws) of GWIC obtained by Agent in the performance of its duties under this Agreement shall be held in the strictest confidence by Agent and not disclosed except as required in the performance of this Agreement and as required by applicable law.
- i. Agent Records.** Agent shall keep correct accounts and records of all business transacted and monies collected, which shall be open at all times to inspection and an examination by GWIC's authorized representatives. Agent shall make and transmit to GWIC such reports in writing, as may be required by GWIC.

2. COMPENSATION

- a. Commissions.** Subject to the terms of this Agreement, GWIC will pay commissions to Agent in accordance with the Commission Schedule attached hereto and Agent will perform under the Commission Schedule. Commissions will be payable only on premiums paid to and accepted by GWIC and applied by GWIC to policies produced by Agent, all as shown by GWIC's records.
- b. Commission Advances.** Notwithstanding Section 2(a), GWIC may, at GWIC's sole discretion, advance Agent up to six (6) months of commissions at the request of Agent, the head of Agent's hierarchy or as GWIC deems appropriate and then withhold commissions otherwise payable to Agent under Section 2(a) until such advances are repaid. Such advances shall not bear interest except as provided in Section 3(d)(ii). In no case will GWIC advance more than permitted by the Commission Schedule. In the event GWIC agrees to advance commission to Agent, it may in its sole discretion, cease advancing commission to Agent and continue under Section 2(a).
- c. Independent Agreement with Agency or Managing Producer.** If Agent is a Subagent and has an arrangement with an agency or managing producer to compensate Agent directly for any sales Agent produces for GWIC, then Agent will look solely to such agency or managing producer for such commissions and shall have no right against GWIC for payment of any such commissions. Agent shall have no right to commissions which GWIC is obligated to pay directly to any of Agent's Subagents, and Agent's commissions will be reduced by such amount. The Commission Schedule shall survive termination of this Agreement.
- d. Vesting of Commissions.** Subject to Section 2(a), first year and renewal commissions are fully vested in Agent as they accrue at the rate set forth in the Commission Schedule provided, however, as follows:
 - i. GWIC may terminate Agent's rights to any unpaid, vested commissions if the Agent is terminated for cause or if all debts are not fully repaid by Agent within sixty (60) days from the date such debts are due.
 - ii. If at any time following Agent's termination from GWIC (with or without cause) Agent's total vested commission(s) from GWIC during a calendar year is less than \$1,000, GWIC may, at its option, pay Agent a single lump sum equal to 100 percent of that year's compensation as full payment in lieu of future vested commissions.
 - iii. GWIC shall not be obligated to pay vested commissions in the event doing so would be a violation of law.
 - iv. If the Agreement ends because of Agent's death, compensation payable to Agent under this Agreement will be paid to Agent's assigns, if any, otherwise to Agent's surviving spouse and to Agent's surviving spouse's estate thereafter; if Agent dies leaving no assigns or spouse, such compensation will be paid to Agent's estate.
- e. Lien on Funds.** Notwithstanding any other provision of this Agreement, including the Commission Schedule, any indebtedness of Agent to GWIC shall be a first lien against any monies payable by GWIC to Agent and may be deducted from such monies at any time. This Section 2(e) shall survive the termination of this Agreement.
- f. Agent's Indebtedness; Costs of Collection.** Except as otherwise provided or permitted under this Agreement, all indebtedness of Agent to GWIC shall be payable on demand; thirty days after the debt is incurred, interest shall begin to accrue at the rate of the then-current prime rate plus 5%; and Agent shall pay all of GWIC's costs of collecting amounts due GWIC from Agent, including GWIC's reasonable attorney's fees and expenses.
- g. Up-Line Liability.** Without limiting any other rights of GWIC under this Agreement, if Agent is an entity with Subagents who are appointed with GWIC, the Agent shall be jointly and severally liable for any and all

indebtedness, including but not limited to accrued interest, Subagent(s) may owe GWIC. GWIC reserves the right to pay any such indebtedness of Subagents from Agent's commissions.

- h. No Election of Remedies.** GWIC may choose any method or remedy available to it under this Agreement to collect Agent's indebtedness. GWIC's use of a particular method or remedy of collection shall not preclude GWIC from employing a different method or remedy with respect to that same indebtedness or any other indebtedness of Agent.

3. TERM AND TERMINATION

- a. Without Cause.** This Agreement may be terminated by either Party at any time without cause upon advance written notice to the other Party at the address given for that Party in the signature block below. The notice period shall be the greater of ten (10) business days or the time required by Agent's state of domicile.
- b. With Cause.** Without restricting GWIC's rights stated in Section 3(a), GWIC may terminate this Agreement immediately upon written notice to Agent's address given in the signature block below if Agent fails to comply with the Company Rules, the Laws and Regulations, or otherwise breaches this Agreement.
- c. Automatic Termination.** This Agreement shall terminate automatically and immediately, regardless of whether GWIC sends notice under Section 3(b), in the event Agent's insurance license is suspended or terminated. This shall be treated as a termination with cause.
- d. Effect of Termination.**
 - i. Agent shall not solicit, underwrite, quote, bind, or issue any policies or renew any existing policies for which the inception date or renewal date falls after the effective date of termination of this Agreement, nor shall Agent cancel and rewrite any existing policies to provide for inception or anniversary dates prior to the effective date of termination of this Agreement.
 - ii. Any and all monies due GWIC by Agent at the time of termination, whether in the form of repayment of advances under Section 2(b), commission chargebacks for refunded premiums, or any other debit balance items on GWIC's books due from the Agent, shall be immediately due and payable, with interest accruing, at the rate set forth in Section 2(f), from the date the obligation to GWIC was incurred. If, following termination, GWIC learns of other Agent indebtedness to GWIC, such indebtedness shall be payable on demand, and shall accrue interest at the rate set forth in Section 2(f) as of the date the obligation was incurred. Except as governed by Section 8, Agent shall pay all of GWIC's costs of collecting amounts due GWIC from Agent, including GWIC's reasonable attorney's fees and expenses.
 - iii. All materials supplied to Agent by GWIC shall be returned to GWIC within ten (10) business days of termination.
 - iv. This Section 3(d) shall survive termination of this Agreement.

4. NON-REPLACEMENT

During the term of this Agreement and for two (2) years thereafter, Agent shall not individually or in concert with another induce or attempt to induce any policyholder of GWIC to terminate, reduce or replace any policy issued by GWIC.

5. INDEMNITY

If any legal action or administrative action by any party, including but not limited to, any state insurance department or any other regulatory agency, is brought against either GWIC or Agent, or both, by reason of any alleged act, fault or failure of Agent in connection with its activities under this Agreement, GWIC may require Agent to defend both Agent and GWIC in such action, or GWIC may defend itself in such action. In any action against GWIC which Agent defends, Agent shall not agree to any settlement without GWIC's consent. Agent shall be responsible for all attorney's fees and costs, whether expended by Agent in defense of GWIC or by GWIC in defense of itself, and shall indemnify GWIC against any sums or losses payable by GWIC as a result of the action, except in those cases where the adjudicatory body determines that the loss was caused by the sole actions of GWIC. This Section 5 shall survive termination of this Agreement.

6. LEGAL NOTICES

If Agent is served with a legal notice on behalf of GWIC, Agent must notify GWIC immediately by telephone, followed by certified mail.

7. INDIVIDUAL GUARANTY

- a. Except in those cases where Agent is an individual doing business solely in his or her own individual capacity and not as a corporation, partnership, limited liability company or any other non-natural person, Agent represents and warrants to GWIC that the individual signing this Agreement on Agent's behalf (for purposes of this Section 7, "Guarantor") has an equity interest in Agent.
- b. In addition to executing this Agreement on behalf of Agent, Guarantor shall execute the separate Acknowledgment of Section 7 Guaranty below.
- c. In order to induce GWIC to enter into this Agreement, Guarantor hereby personally and unconditionally guarantees the performance of all terms, covenants, agreements, understandings, and obligations of the Agent under the Agreement, including but not limited to the payment of any sums of money due thereunder for any reason whatsoever. This is a continuing guaranty, and applies to any amendment, modification, or acceleration of the Agreement. The Guarantor waives notice by GWIC of an Agent default, and agrees that GWIC need not pursue or exhaust any other remedies, including pursuing Agent or any other guarantors of Agent's obligations, prior to pursuing Guarantor under this guaranty. This guaranty shall remain in force notwithstanding the institution of any action by or against Agent under the U. S. Bankruptcy Code, any state bankruptcy laws, or any reorganization or insolvency of the Agent.

8. VENUE

Any legal action between the Parties arising out of this Agreement, including between GWIC and any Guarantor under Section 7, shall be governed by the laws of the State of Utah and must be filed only in the Second District Court of Weber County, State of Utah. The prevailing Party shall be entitled to recover its attorney's fees and costs from the other Party.

9. AGENT'S AUTHORIZATION FOR RELEASE OF RECORDS

By signing this Agreement below,

- a. Agent authorizes GWIC to contact any past employer, business associate, business partner, military service, court, law enforcement agency, insurance company, financial institution, or any other person or entity to obtain information about Agent's background, employment, schooling, business activities and experience, character, criminal record, or financial status.
- b. Agent authorizes each of the above persons, institutions, and entities to provide the above information to GWIC and authorizes them to rely on a photocopy or facsimile copy of this authorization.
- c. Agent acknowledges that GWIC may participate in programs which provide background and financial information on insurance agencies, agents or producers, including debit balances, and authorizes GWIC to obtain information about Agent personally and/or Agent's entity (if applicable), from these programs and to share any information obtained from other sources with these programs. Agent waives and releases any claims Agent may have related to the sharing of such information by GWIC or the programs in which GWIC participates.
- d. Agent agrees that the authorizations stated in this Section 9 are continuing and remain in effect until revoked by Agent in a writing delivered to an officer of GWIC.

10. FAIR CREDIT REPORTING ACT CONSUMER DISCLOSURE

- a. **Obtaining a "Consumer Report."** GWIC, when making a decision to offer Agent an Agreement or to continue an Agreement, may obtain and use a "consumer report" from a "consumer reporting agency." These terms are defined in the Fair Credit Reporting Act as amended, 15 U.S.C. § 1681 et seq. ("FCRA"). A "consumer reporting agency" is defined in the FCRA as a person or business that, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to others. A "consumer report"

is defined by FCRA as including any written, oral or other communication of any information by a “consumer reporting agency” bearing on a consumer’s creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in employment-related decisions affecting a consumer. As an individual with an interest in a relationship as an agent with GWIC, Agent is a “consumer” with rights under the FCRA. If GWIC obtains a “consumer report” about Agent and if GWIC considers any information in the consumer report when making a decision that adversely affects Agent, Agent will be provided with a copy of the “consumer report” before the decision becomes final. Agent may also contact the Federal Trade Commission about Agent’s rights under the FCRA.

b. Authorization to Obtain Consumer Reports. By signing this Agreement below, Agent voluntarily authorizes GWIC to obtain “consumer reports” about Agent, and Agent’s entity if applicable, from a “consumer reporting agency,” as those terms are defined in the Fair Credit Reporting Act as amended, 15 U.S.C. § 1681 et seq., and to consider the “consumer reports” when making decisions for any agent status purpose with GWIC. Agent understands that Agent has rights under the Fair Credit Reporting Act, including the rights discussed in the separate disclosure statement provided to Agent. Agent authorizes GWIC to obtain such reports. Agent also acknowledge receipt of the Fair Credit Reporting Act Consumer Disclosure.

11. NO WAIVER

No act of forbearance on either Party’s part to enforce any of the provisions of this Agreement or failure of either Party to exercise any right or privilege herein granted shall be considered as a waiver of such right or privilege.

12. ENTIRE AGREEMENT

This Agreement, including attachments and schedules, supersedes all prior agreements, understandings, commitments, communications and representations made among the Parties, whether written or oral, concerning the matters contained herein and contains the entire agreement directed to the subject matter of the Agreement.

13. AMENDMENTS

Unless otherwise provided herein, this Agreement may be amended only by a writing signed by the Parties.

14. EXECUTION IN DUAL CAPACITY BY INDIVIDUAL AGENT

The Party executing this Agreement as Agent may execute this Agreement both in his or her capacity as an individual and also on behalf of an Agent entity, in which case the signatory shall supply the appropriate demographic data required below for both Agent and the entity. If Agent executes this Agreement in his or her individual capacity and also on behalf of an entity, Agent represents and warrants that he or she is authorized to bind the entity. Both the Agent and entity shall be bound to and fully obligated under this Agreement as if the Agent and Agent entity had signed separate Agreements. The Agent, if signing on his or her own behalf as well as on behalf of an entity, shall execute a Commission Schedule for Agent and a separate Commission Schedule for the Agent entity. This Section 14 shall not affect or limit the obligations imposed by Section 7.

15. EXECUTION AND EFFECTIVE DATE

Agent shall provide to GWIC an executed copy of this Agreement, including the Acknowledgment of Section 7 Guaranty. Agent shall further sign the receipt for the Commission Schedule. Notwithstanding any other term of this Agreement, the appointment of Agent under this Agreement and the other terms of this Agreement shall not become effective until Agent provides proof that it is duly licensed by the insurance department having jurisdiction, GWIC has completed the background checks contemplated in Sections 9 and 10, has determined that Agent may be appointed, and has indicated its acceptance of the Agent by returning a countersigned copy of the signature page of the Agreement to Agent.

AGENT DEMOGRAPHIC DATA

*Applying as Individual Producer (Default) Entity OR Both

*INDIVIDUAL PRODUCER					
First Name		Middle Name		Last Name	
Street Address		City		ST	Zip Code
State License Number		Date of Birth (mm/dd/yyyy)		Social Security Number	
Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female	Email (Required)				
Cell Phone Number		Office Phone Number		Fax Number	

*ENTITY					
Agency Name			Tax ID Number		
Street Address		City		ST	Zip Code
Email (Required)					
Cell Phone Number		Office Phone Number		Fax Number	

BACKGROUND (Please explain, including dates, any "yes" answers on a separate sheet)			
1) Complaint filed against you with an Insurance Department	<input type="checkbox"/> Yes, State: _____	<input type="checkbox"/> No	
2) Felony conviction or violation of 18 U.S.C. § 1033	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3) Filed Bankruptcy	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4) Indebted to any Insurance Company / Agency / Manager	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

DIRECT DEPOSIT (Please complete the information below)	
Financial Institution Name (Bank Name) _____	
<input type="checkbox"/> Checking <input type="checkbox"/> Savings (Contact your bank to verify EFT is allowed)	
Routing Number (lower left corner of check)	Bank Account Number (lower left middle of check)
<input type="text"/>	<input type="text"/>
(Attach copy of voided check)	
Commission payment (Default is Daily): <input type="checkbox"/> Daily <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Monthly	

X _____
 Individual Producer / Entity Authorized Signature Signed on (mm/dd/yyyy)

ACKNOWLEDGMENT OF SECTION 7 GUARANTY

I hereby agree to and accept the terms of Section 7 of the Agreement and further agree that all terms of this Agreement are fully enforceable.

 Guarantor's Name (Printed) Guarantor's Address

X _____
 Guarantor's Signature Signed on (mm/dd/yyyy)

OFFICIAL USE ONLY	
_____ Authorized Signature	_____ Signed on (mm/dd/yyyy)



Anti-Money Laundering Training

Course Objectives

The objective of this training course is to ensure you have adequate knowledge to detect and prevent possible money laundering and to meet the federal training requirements.

After completing this course, you will be able to:

- Protect yourself, your agency, or your funeral home from potential involvement in anti-money laundering activities
- Understand how anti-money laundering works
- Recognize the red flags associated with it
- Understand the **Know Your Customer** requirements set forth by the government and how they apply to the preneed insurance business

Overview

The US Patriot Act (the “Act”) was enacted by the U.S. Congress and signed into law on October 26, 2001. The name of the Act is an acronym for Uniting and Strengthening America (“USA”) by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (“PATRIOT”). This broad-sweeping legislation is intended to aid in the war against terrorism.

The Act does the following things:

- Strengthens U.S. anti-money laundering laws;
- Enhances criminal and civil penalties for violations;
- Grants new powers and surveillance capabilities to law enforcement agencies.

Anti-money laundering laws in the United States are enforced primarily by the Federal Reserve Board and the Treasury Department. The Treasury Department’s enforcement is through an internal office known as the Financial Crimes Enforcement Network (FinCen). Its mandate is to fight money laundering and financial crimes.

All GWIC employees and agents are expected to attain an appropriate level of familiarity with:

- The USA Patriot Act and its provisions addressing anti-money laundering and the reporting of suspicious activities
- An understanding of the procedures adopted by GWIC to assure compliance with the Act
- An appropriate level of expertise to accomplish the purpose of our procedures and the Act’s intent.

It is the intent of this training to alert you to the possibilities of being involved in a money laundering scheme. While many of the elements have little or no application within the normal process of selling and funding pre-arranged funerals, it is imperative that you remain vigilant to the possibility.

Lesson One: What is Money Laundering?

By definition, **money laundering** is the criminal practice of filtering illegally obtained money through a series of transactions to **“clean”** the funds so that they appear to be proceeds from legitimate activities. Although this practice is typically tied to cash, any financial transaction may be a part of a process to filter the money. Non-cash transactions often play a significant role in money-laundering activities as well.

The Three Stages of Money Laundering

There are three stages typically followed in a money laundering operation (also known as mechanics) and can occur individually or simultaneously:

1. Placement
2. Layering
3. Integration

Stage One: Placement

Placement is the first stage of money laundering by which money from a criminal activity is placed into a financial institution. A common method of placement is **“Structuring”**, which is breaking up currency transactions into portions that fall below a reporting threshold in an effort to avoid reporting or record keeping requirements. (Please note that Great Western Insurance cannot receive cash for premium payments).

Example: A client deposits \$50,000 cash via several transactions of \$10,000 or less into a money market account.

Stage Two: Layering

Layering is the process of conducting a complex series of financial transaction, with the purpose of hiding the origin of money from criminal activity and hindering any attempt to trace the funds. This stage can consist of multiple securities trades, purchases of financial products including life insurance or annuities, cash transfers, currency exchanges, or purchases of legitimate businesses.

Example: The client now has \$50,000 in a money market account. First he writes a check for \$20,000 in order to purchase a whole life insurance policy. Secondly he writes a check for the remaining \$30,000 to be deposited into an annuity with another carrier.

Stage Three: Integration

The final stage is **Integration** in which legitimate transactions are used to return the now-laundered money back to the criminal.

Example: The client cancels the insurance transactions during the free-look period and accepts returned funds, minus any appropriate surrender charges or fees.

Ramifications and Penalties of Money Laundering for individuals and agencies

- Fines can be up to twice the amount of the transaction, up to \$1 million
- Any property involved in the transaction may be subject to seizure
- Employees of financial institutions can be fined individually and sentenced up to 20 years incarceration for knowing or being willfully blind to the fact that the transaction involved illegal funds
- To avoid potential charges always report any suspicious behavior to GWIC's Compliance Officer and keep documentation of those reports
- Anyone who does not comply with GWIC's policies and procedures is subject to disciplinary action up to and including termination of appointment or employment and will be reported to the proper legal authorities

Lesson Two: Know Your Customer

Lesson Overview

This section will identify the **Know Your Customer** procedures used to collect required information about our customers.

GWIC agents and employees are in direct contact with customers and are often in a position of knowledge as to the source of investment assets, the nature of the clients, and the objectives for which the insurance products are being purchased. These individuals and entities have an important role to play in assisting GWIC in the prevention of money laundering and in the identification of suspicious transactions.

Following these procedures will help decrease the chance that GWIC will be used to facilitate money laundering activities. It will also help you understand your customer's financial goals.

Develop a Customer Profile

Developing a customer profile provides the ability to:

- Identify appropriate transactions
- Determine whether a pattern exists which is inconsistent with a customer's goals and business
- Determine which activities may require further investigation

Under the **Know Your Customer** requirements you must make reasonable efforts to:

- Collect identifying information about the customer
- Verify the information, and
- Learn enough about the customer's financial picture and goals to determine whether a transaction makes sense for that customer

Why You Need to Know Your Customer

The financial information that you need to gather for **Know Your Customer** purposes is information you would normally collect as part of a needs analysis. The more you know the better you can service your customers. The majority of clients are not involved in money laundering activities, so it is important to be able to distinguish routine from suspicious transactions.

Verifying an Individual's Identity

There are four primary pieces of information needed to verify a customer's identity (there may be additional information needed based on a company's requirements):

- Name
- Address
- Date of Birth
- Social Security or Tax Identification Number (*not a required element for preneed insurance*)

Acceptable Identification

The easiest way to verify an individual's identity is through a government issued identification card such as:

- Driver's License
- U.S. Passport
- U.S. Military card
- State photo ID
- Resident alien ID card (green card)
- Foreign government ID card (resident or non-resident aliens)

Verifying Customer Identity

The USA Patriot Act requires that the customer be notified that the carrier must verify the identity of the owner of any policy or account. This can be accomplished by filling out a USA Patriot Act Notification and Customer Identification Verification form and having it placed in the client's file.

While you will not be required to make a photocopy of the ID card, you should physically look at it and copy down the identification number on the card. You should also confirm that the information on the card is consistent with other information you have about the customer's identity. There may be instances in which additional review is necessary by a carrier before a policy can be issued.

Official Resources

There are two agencies who are involved in specialized due diligence and enhanced scrutiny over certain individuals:

Office of Foreign Assets Control (OFAC)

This group maintains a list of specially designated nationals and blocked persons (SDNs). These individuals are deemed to be a threat to national security. Financial institutions are typically prohibited from conducting transactions with target countries, their nationals and SDNs. GWIC has procedures in place to check customers against the OFAC list. Based on the findings you may be asked to obtain additional information in order to properly identify and prevent any false-positive reporting.

Financial Action Task Force (FATF)

This group maintains a list and conducts a periodic review of non-cooperative countries. These countries have serious deficiencies in their anti-money laundering rules and regulations which may attract money laundering activities. Financial institutions can do business in these countries but must exercise enhanced due diligence.

Record Retention

Regulations require that information related to customer identification be:

- Kept for a minimum of five years, and
- Be reasonably accessible to regulators

Be sure to file any customer information you obtain in your client's file along with any information you have provided GWIC. Always remember that your responsibility does not end at the point of sale. Report any suspicious requests or interactions from the customer to GWIC for further review.

Again, knowing your customer is the most important deterrent to money laundering.

Lesson Three: Suspicious Activity and Red Flags

What constitutes a suspicious activity? This will depend on your clients and the normal course of their business. If anything seems out of line or suspicious it is worth further review. Things to look for include:

- Payments to or from unknown third parties
- A drastic change in business patterns
- High number of cash or currency transactions
- Incomplete information provided with no level of detail
- Requests for early termination of insurance policies without concern over surrender charges or penalties

Reporting Illegal Activities

Whenever you suspect or know that a transaction involves funds related to illegal activity you must report the transaction to GWIC's Compliance Officer.

As part of this process you must NOT notify the client that their business activities have been reported as suspicious, are under investigation, or that a Suspicious Activity Report (SAR) had been filed.

Notification of the client is prohibited by federal statute.

Red Flags

The following is a listing of potential red flags in various situations:

New Accounts:

- Application for a policy in a distant place even though the client could get a comparable policy closer to home
- Application for coverage is outside the client's normal pattern of purchases
- Client unwilling to provide identity verification documentation
- Applicant reluctant to provide normal personal information
- Applicant uses a mailing address outside of regulator's authority
- Applicant's telephone number found to be disconnected when attempting to verify information

Transactional Red Flags

- Any transaction involving an undisclosed third party
- Requests for a large purchase of a lump-sum contract where the policyholder's experience is typically regular payment, small face amount contracts, unless there are appropriate reasons
- Applicant for insurance business attempts to use cash to complete a proposed transaction when this type of business transaction would normally be handled by check or other payment instruments
- Applicant for insurance business requests to make a lump-sum payment by wire transfer or with foreign currency
- Applicant for insurance business establishes a large insurance policy, and within a short period of time cancels the policy and requests the cash value returned, payable to a third party
- Applicant for insurance business wants to borrow the maximum cash value of a single premium policy, soon after paying for the policy

Other Red Flags

- Attempts to transfer the benefits of a product to an apparently unrelated third party
- Multiple changes of address or changes of owners to foreign countries
- Attempts to use a third party check to make a proposed purchase of a policy
- Applicants with no concern for the performance of a policy but much concern for the early cancellation
- Applicants who buy policies from several institutions in a short time frame
- Applicants purchasing policies in amounts considered beyond the client's apparent means or needs
- Unusually great concern with the insurer's or your own compliance with reporting requirements

Business Areas

The Treasury Department has identified certain types of businesses that lend themselves to money laundering and warrant increased scrutiny. The following are examples of the types of businesses which should raise red flags for potential involvement of money-laundering activities:

- Casinos and other gambling establishments
- Offshore corporations and banks or businesses located in high-risk foreign countries
- Travel agencies
- Used automobile dealers and machine parts manufacturers
- Import/export companies
- Jewel, gem and precious metal dealers
- Pawnbrokers and deposit brokers
- Check-cashing establishments
- Money transmitters
- Currency exchange houses

Money Laundering Through the Insurance Industry

The information below demonstrates how individuals launder funds through the insurance industry based on the type of products used. This may include:

- Permanent Life Insurance
- Variable Annuities
- Overpayment of Premiums
- Wires

Permanent Life Insurance

This type of insurance is attractive to a criminal, as this type of product builds cash value which is available as a withdrawal or loan.

For example, a client purchases a large single premium policy and then cancels the policy. The fees and penalties are worth the price compared to the amount of funds they are able to access. A money launderer expects to lose a small percentage of their funds in this process.

Variable Annuities

An individual wishing to launder funds may purchase a variable annuity and then cancel the contract during the free-look period. This way they have managed to receive a check for a legitimate source without paying any fees or penalties.

An individual may also withdraw money from an annuity regardless of any fees or penalties which are considered part of the process.

Overpayment of Premiums

A money launderer may arrange for insurance coverage of his or her legitimate business than repeatedly over pay the premiums. They then call the carrier and claim to have accidentally overpaid and request a refund of the overage. The result is that they have a check from a reputable source.

Wires

While not a common method of funding an insurance policy, criminals may launder illegal funds through excessive numbers of transfers for high dollar amounts.

Specific Company information regarding anti-money laundering

- Cash payments of \$500 or less may be accepted on rare occasions. If you must accept cash, deposit it in a GWIC account or purchase a money order to mail in.
- Under no circumstances are you to send cash through the mail.
- Do not accept cash over \$500. Offer to take the person to the bank so that he/she can get a cashier's check instead. If the client refuses to go to the bank for a cashier's check, explain the company policy and ask them to sign a statement indicating the source of the funds, a copy of some ID, and their home address. This will be scanned with their insurance application for any potential investigation.
- If you have any suspected money laundering activities arise, please call the Great Western Insurance Company Agent Licensing Department before accepting the money.

AML Quiz

Please select one (1) answer for each of the following questions.

1. What happens during the first stage of money laundering?
 - a. The placement illegal funds into money orders
 - b. The placement of illegal funds into a financial institution
 - c. The purchase of real estate using illegal funds
 - d. The purchase of legitimate businesses using illegal funds

2. What happens during the second stage of money laundering?
 - a. Currency transactions are divided into smaller portions
 - b. The money goes into the Spin Cycle
 - c. Once in a financial institution, funds are used to purchase financial products
 - d. Laundered funds are returned to the criminal

3. What happens during the third stage of money laundering?
 - a. The money hits the final spin
 - b. This stage hides the money's criminal origin
 - c. The money is used to purchase an insurance policy
 - d. The funds from legitimate transactions are returned to the criminal

4. Which of these statements is true?
 - a. Employees of financial institutions can be fined individually and sentenced to up to 20 years incarceration for being willfully blind to transactions involving illegal funds
 - b. Employees of financial institutions are not fined individually, and the company is fined for being willfully blind to transactions involving illegal funds
 - c. Employees of financial institutions are fined individually but are not subject to incarceration for being willfully blind to transactions involving illegal funds

5. Which of the following pieces of information needed to verify identity is not primary?
 - a. Name
 - b. Date of Birth
 - c. Address
 - d. Phone Number

6. The USA Patriot Act requires the carrier to verify the identity of the owner of the account or policy. What does this mean?
 - a. You should make a copy of the government-issued identification
 - b. You should ask to look at the government-issued identification
 - c. You should avoid asking to see identification

7. Office of Foreign Assets Control (OFAC) is an agency that does which of the following?
 - a. Maintains a list of individuals deemed to be a threat to national security
 - b. Maintains a list of people owing money to the United States government
 - c. Maintains a list of non-cooperative countries
 - d. Maintains a list of the Federal BI's Most Wanted

8. Financial Action Task Force (FATF) is an agency that does which of the following?
 - a. Maintains a list of threatening individuals
 - b. Maintains a list of financial institutions that handle illegal funds
 - c. Maintains a list of non-cooperative countries
 - d. Maintains a list of countries with which United States citizens cannot do business

9. How long must information relating to a customer must be maintained?
 - a. A minimum of 5 months
 - b. A minimum of 5 years
 - c. Indefinitely
 - d. The life of the individual

10. Which of the following does not constitute suspicious activity?
 - a. Payments to or from unknown third parties
 - b. A drastic change in business patterns
 - c. Incomplete information provided with no level of detail
 - d. A denial to consent to list social security number on insurance documents

11. What should you not do when reporting illegal activities?
 - a. Notify the Compliance Officer
 - b. Notify your Manager
 - c. Notify the Customer

12. Which of the following is not a red flag?
 - a. Applicant reluctant to provide identity verification documentation
 - b. Any transaction using an undisclosed third party
 - c. Applicant wants to borrow the maximum cash value soon after paying for the policy
 - d. Applicant changes his or her address more than once a year

13. Why do criminals choose to launder money through insurance products?
 - a. They can kill the insured and get the money
 - b. They can cancel the policy and be refunded the cash value
 - c. Criminals like the growth on some insurance products
 - d. Criminals don't think the government sees insurance as a way to launder money

14. Which of the following is not a way to launder money using insurance products?
- a. Overpaying premiums and asking for a refund
 - b. Making regular premiums until the insured dies
 - c. Canceling during the free look period
 - d. Wiring transfers for high dollar amounts
15. Which statement is true regarding the three stages of money laundering?
- a. The stages of money laundering happen individually
 - b. The stages of money laundering are progressive, and one cannot happen without the previous one happening
 - c. The stages of money laundering can occur simultaneously

Name (please print)

Signature

Date

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number											
				-			-				
OR											
Employer identification number											
				-							

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.
Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.*
- By signing the filled-out form, you:
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
 - Certify that you are not subject to backup withholding, or
 - Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
 - Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.