

Trust but Verify: The UW's Guide to Agent Fraud

Angela Jordan, Catholic Order of Foresters
Val Munchez-van der Wagt, VM Insurance Consulting
Adria Pierce, Transamerica

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About the speakers



Angela Jordan

Chief Underwriter
Catholic Order of Foresters




Val Munchez-van der Wagt

Chief Underwriter
VM Insurance Consulting



Adria Pierce

Director of Compliance,
Financial Crimes Unit
TransAmerica

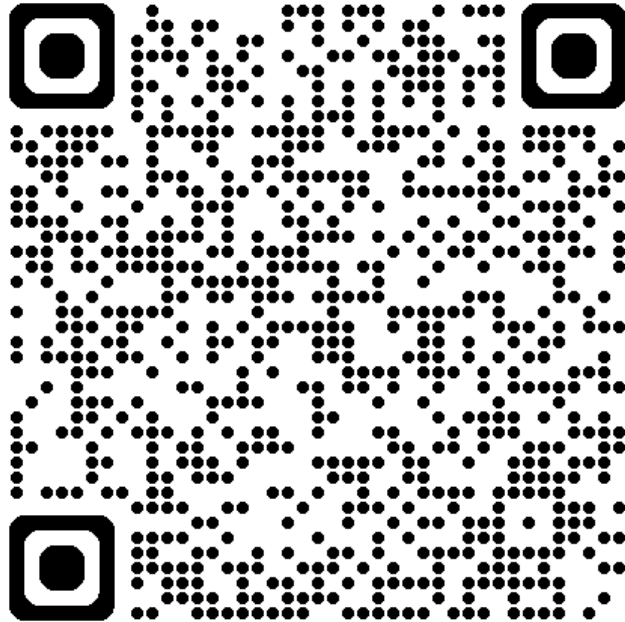


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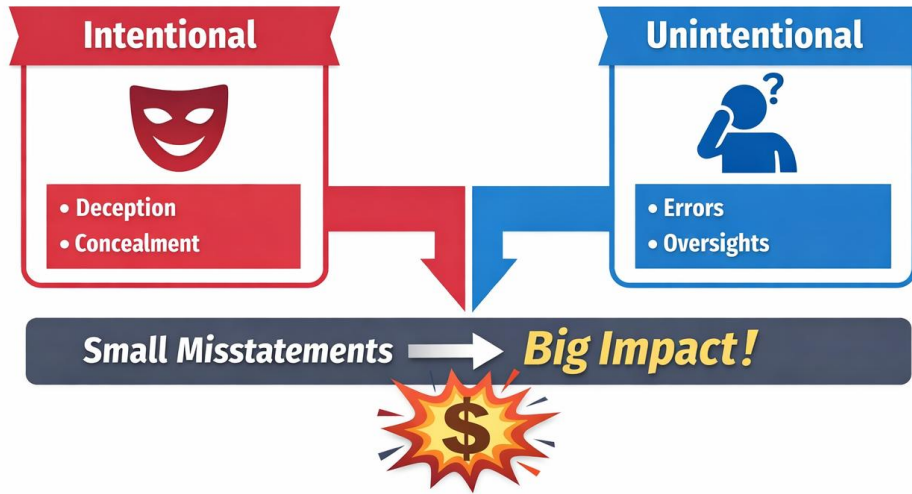


Let's Be Honest...

Is the height and weight on your driver's license accurate?



Fraud Isn't Always What We Expect



What is Fraud?

Fraud is defined as:

An intentional misrepresentation or concealment of a material fact or reckless disregard for the truth.

Why This Matters

This is Why Underwriters Care

\$308 BILLION

TOTAL INSURANCE FRAUD ANNUALLY



All Insurance
Fraud



\$74 BILLION
Life Insurance
Fraud



\$4 BILLION
Nicotine
Misrepresentation

Who Can Commit Fraud?

Today's Focus: Agents



Ghost Writing



Churning / Twisting



Rebating









Financial misrepresentation

Underwriters: Red Flags

Red Flags for Underwriters



-  Inconsistent details across applications
-  Multiple policies issued close together
-  Suspicious income or net worth
-  Unverifiable or vague information
-  Missing or altered documents
-  Lack of insurable interest

Common Agent Fraud Themes



Case Study

New Agent

Application on herself

Included living benefit rider (disability income)

Low face amount so it didn't trigger labs/exam

Ran MIB, MVR, ScriptCheck, LabPiQture, and ID

Check. Nothing came up negative on any of the requirements. It was all clear or no hit.

What Gave It Away

- Agent submitted DI Claim Forms 3 months after policy was issued.
- Agent was persistent on following up multiple times a week – even after we told her the process and what to expect.
- Agent involved her General Agent to try to push things along

What Gave It Away

- Agent got nervous when we told her we would be ordering medical records from her providers.
- Medical records came in and showed us she had a mass for several months prior to her applying for life insurance with us.

Records

Assessment: 2 months prior to application
Mass overlapping multiple quadrants of left breast

Patient Plan:

Please schedule your breast imaging at **unable to p**

- Provider Plan 7x8cm firm mobile mass in L breast, growing rapidly
- Ordered L breast US limited, and b/l diagnostic mammo.


Plan Orders

Further diagnostic evaluations ordered today include(s) Bilateral diagnostic

- Mammogram was performed on **Unknown** and Breast Ultrasound, unilat, real time with image document, incl axilla when performed
- Claim Denied – Policy Rescinded – Fraud Reported

From Individual Cases to Organized Fraud

- Single agents → coordinated schemes
- Multi-carrier exposure
- Larger financial impact

An aerial view of the New York City skyline, featuring the Empire State Building prominently in the center, framed by a large, light blue archway. The sky is overcast with soft, grey clouds. The city buildings are densely packed, and the water of the harbor is visible in the distance.

Val Munchez-van der Wagt
Chief Underwriter
VM Insurance Consulting



Underwriter's Fundamental Tools

- Critical Thinking Skills
- Observation
- Detection
- Solving Puzzles

- Filling Gaps
- Judgment
- Experience
- Making it Stick



Front line underwriters can -

- Detect unusual behavior
- Share observations up the ladder
- Point out concerns

Common Themes of Agent Fraud

- Clean Sheeting
- Incomplete provision of details
- Serial-Repetitive Histories
- Misinformation
- Low Face amounts (Stacking)
- Unauthorized Policy Creation / Identity Abuse
- Premium Diversion
- Misrepresentation & Falsified Applications
- Unlicensed Sales

Single Agent Case Fraud Example

- 4 applications on four adult siblings (in their 30's-40's)
- First death claim is within 2 years
- Apps not bound together
- All signed within a minute of each other
- Four different addresses
- Common theme – all with same income \$33,000
- Email address MamaBetsey0909

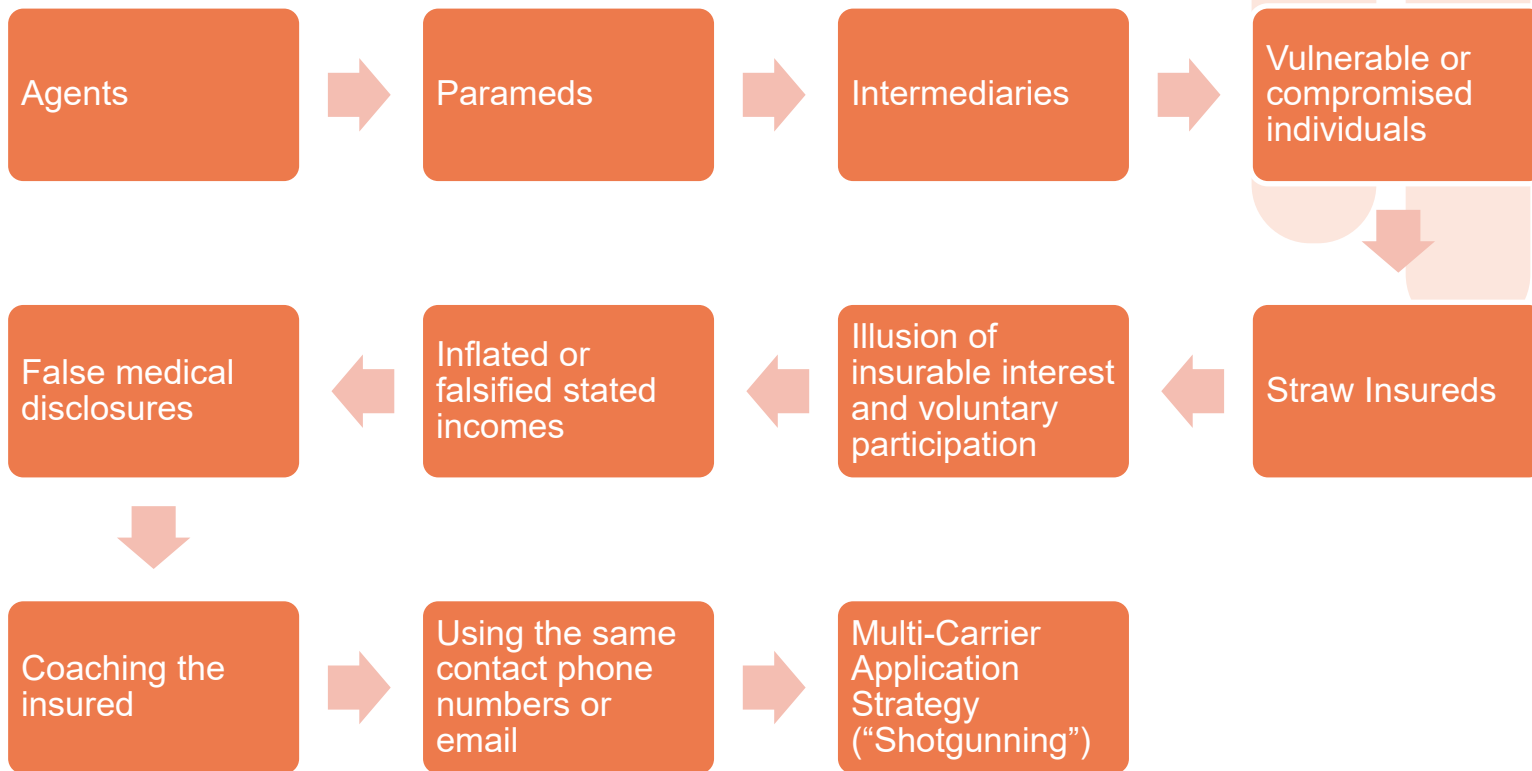


Observations

- Clear agent involvement
- One person completed all four apps
- Common email address

Claim denied all cases were rescinded – agent reported and terminated

Larger Schemes



Cases in the News -

- **Cincinnati** - A former insurance agent was sentenced in 2023 to 24 months in federal prison for creating life insurance policies without victims' consent to collect commissions. Although he lost his license in 2019 he then used other agents' stolen identities to continue the fraud. [DOJ - USAO-SDO](#)

- **San Francisco** –The CDOI reported in April 2025 that five individuals, including a former insurance agent, were charged in a large-scale insurance fraud scheme involving misrepresented life insurance policies that resulted in fraudulent commissions totaling over \$1.4 million and misrepresented 28 policies in California between 2017-2023. [CDOI](#)



Cases in the News -

- **Baltimore** - A federal jury convicted a couple in early 2025 for conspiracy to commit insurance fraud, and related charges for wire fraud, money laundering and filing false tax returns. The couple were involved in obtaining over 40 life insurance policies for applicants by misrepresenting their health, wealth and existing life insurance coverage. The total death benefits from these policies exceeded \$20 million. [DOJ - USAO - BM](#)
[BM2](#)

- **Chicago** - A federal grand jury in 2023, charged 23 defendants in a scheme that submitted fraudulent life insurance applications to extract \$26 million in payouts from 10 carriers. Although not all were agents, at least one agent owned an exam business tied to the scheme which ran from 2013 to 2022. [DOJ - USAO - NDI](#)



Common links

- Use of intermediaries functioning like agents
- Submission of falsified applications
- Coaching, impersonation, and control over communication
- Multi-carrier strategy to maximize payout potential
- Targeting vulnerable individuals
- Collecting identity documents
- Using insureds as fronts for ownership/benefit manipulation
- Inflated income / misrepresented medical history
- Healthy impostors for parameds
- Shared emails/phone numbers across multiple applicants

Forge Partnerships Internally

•Regular discussion with claim team

•Regular discussion with your underwriters - Chiefs/Seniors should be familiar with contestable claims – and then share trends with frontline underwriters – case studies

•Chiefs/Seniors should be familiar with contestable claims – and then share trends with frontline underwriters – case studies

•Regular discussion with actuaries

•Regular discussion with agency team

Communicate



Take Action Immediately

MIB F/U hits

Newer App data

Reinstatement data

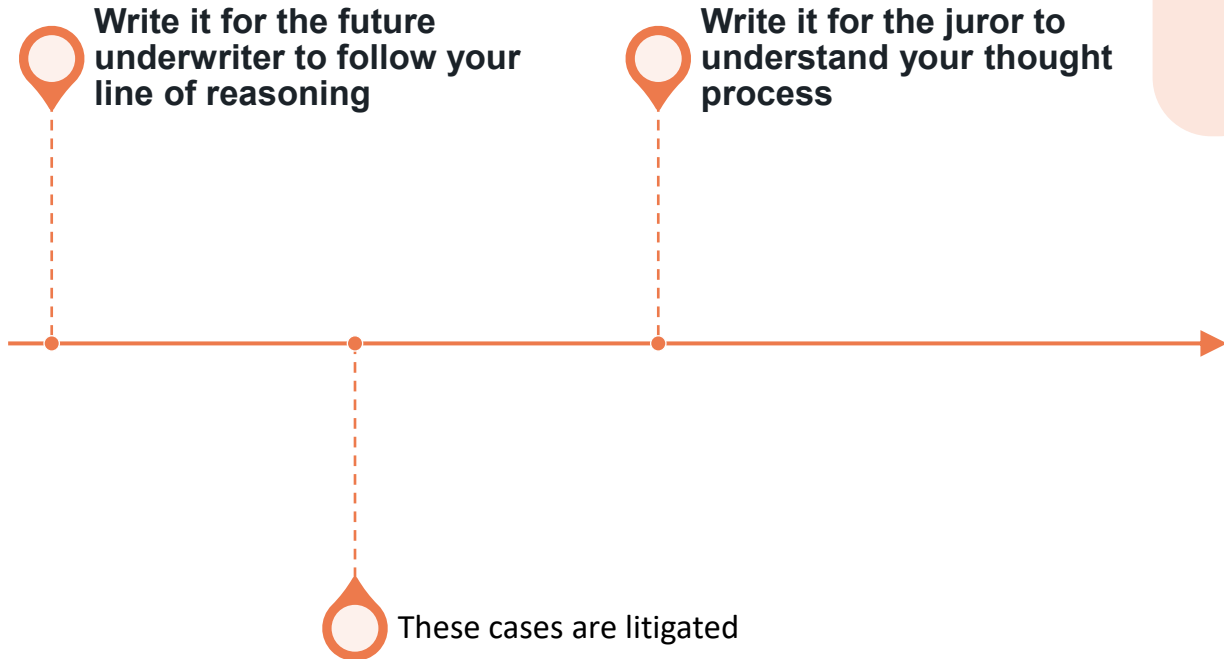
Don't wait until claim
arrives

Insurance regulators (e.g.,
NAIC) classify agent
misconduct and fiduciary
violations as grounds for
license suspension or
revocation

Fraud prevention units
within insurers increasingly
use data analytics to aid
detection

State insurance
departments and
the FBI maintain
fraud hotlines

A WORD ABOUT DOCUMENTATION



Ultimate Goal – Stop Future Acts

Pursue until
resolved

- To your satisfaction
- To make a decision

Communicate
concerning
agent behavior

- UW Manager/Chief
- SIU Unit
- Disciplinary Action

The opinions and views expressed today are my own and do not necessarily reflect the position or policies of my employer, Transamerica.



Adria Pierce
Director Financial Crimes Unit
Transamerica



Fraud Mitigation Balancing Act

Industry Focus:

- Reduce friction with streamlined digital processes (instant approvals) and reduce follow-up questions to create a faster seamless experience.

Key Questions:

- Do your business partners understand the current and emerging fraud trends within the industry and within your own business when developing these straight through processes?
- Where in your processes does it make the most sense to implement "smart" friction to reduce fraud risks? (app submission, underwriting, before/after UW approvals, post-issue, etc.)

Objective:

- Striking the right balance between risk, controls, business needs and sales should be the goal everyone strives to achieve.



SIU: A Seat At the Table

It's essential for SIUs to have a seat at the table whenever processes, procedures, systems, or new applications are being evaluated, prioritized, or developed. Early SIU involvement ensures business partners fully understand the fraud risks that must be addressed prior to implementation.

How to get a seat at the table?

- Find every opportunity to interact with your business partners to develop good working relationships. Regular communication creates understanding and trust.
- Conduct regular risks assessments on new and old processes to determine if current controls are effective. Share the results with your business partners.
- On a regular basis formally document and share current fraud trends, risks and quantify any financial/reputational impacts with business partners.



Smart Friction

What is "Smart" Friction?

Friction that is a targeted, data-driven (or manual) control added to a process at the right time to slow down suspicious or questionable behavior, while allowing legitimate business/transactions to flow seamlessly.



Million Dollar Question...



How do we implement "smart" friction within our processes to mitigate critical fraud risks, without negatively impacting our agent/customer experience?

Controls & Safeguards

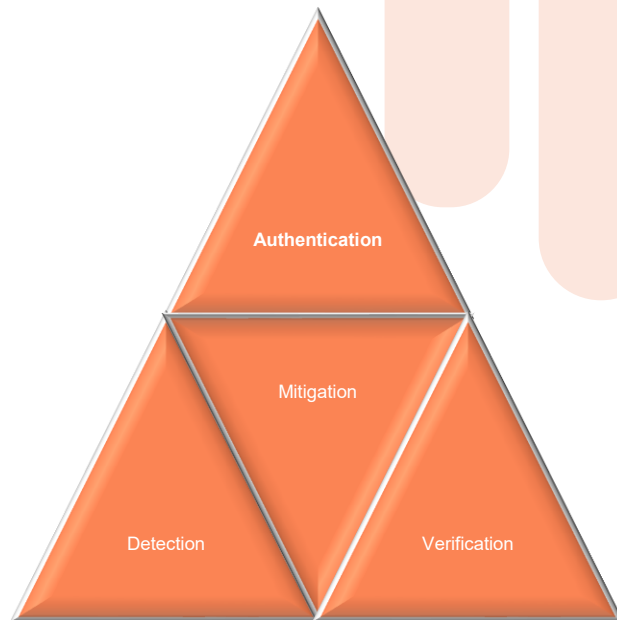
Your processes should leverage a suite of controls to ensure both efficiency, security and fraud mitigation.

Automated controls help:

- speed up processes
- validate customer and agent information
- enable real-time decision making
- support instant responses to potential threats
- strengthen data-driven reporting

Layered Defenses & Controls

Having a layered approach by combining up front and backend controls, ensures that fraud risks are managed throughout the policy lifecycle, not just at the point of onboarding.



Upfront: Layered Controls

Examples of upfront controls at the time of onboarding a new customer.

- Identity Verification - name, SSN, DOB, address
- ACH/CC Verification - valid bank account and authenticate bank account owner
- Email/Phone Verification - verify email & phone prior to sending links or electronic communication
- Medical & Prescription Checks - misrepresentations or omissions on applications
- Sanctions Screening
- Criminal History – specific to financial crimes
- High Risk Customers - enhanced due diligence based on occupation, income, net worth, face amount
- Repeat Applications/Policies - for the same policy owner/insured to identify any inconsistencies or repeat declines



Backend: Fraud Detection & Monitoring

While upfront controls are critical, no single control is foolproof, which is why strong backend fraud-detection monitoring is critical for identifying potential red flags or risks that may have bypassed initial safeguards and controls.



Layered Defenses: Backend Monitoring

Examples of backend monitoring to help identify patterns or potential indicators of suspicious activity within an agent's book of business.

High Percentage of:

- Failed identity, ACH/CC, email/phone verifications
- UW declines
- Policy voids, not takens, free looks
- ACH rejections from the bank
- Policy lapses within or right outside of commission charge back timeframe
- Claims filed within or shortly after the 2-year contestability period
- Large amounts of agent debt
- Customer complaints
- Repeat bank accounts/credit cards being used across multiple policies
- Repeat apps/policies for the same policy owner/insured
- Low policy placement and persistency
- High dollar amount of commissions earned within a short period of time
- Excessive number of applications submitted within a short period of time



Agent Oversight Committee (AOC)

How do we hold agents accountable when we detect patterns of suspicious activity or red flags within their book of business?

Does your company have an Agent Oversight Committee?



Agent Oversight Committee

AOC's should include Sr leaders from your company's SIU, Underwriting, Sales, Distribution, and Operations.

Objectives of the committee:

- Ensure fair and impartial investigation of agent misconduct or fraud
- Protect the organization's integrity by enforcing the rules and ethical standards we expect from our agents
- Impose appropriate level of disciplinary actions (training, warnings, suspensions, or terminations)
- Consistency in decisions made on agent disciplinary action
- Responsible for performing ongoing review and oversight of the agent after disciplinary action is provided



Agent Disciplinary Action

Depending on the severity of a producer's misconduct and associated risks, AOC can recommend formal disciplinary measures.

These are just a few examples of agent disciplinary action that can be taken to hold an agent accountable.

Training

- The committee notifies the agent's upline of identified concerns and the upline is responsible for ensuring the agent receives appropriate training.

Letter of Education

- For issues requiring more than training, a formal Letter of Education is issued to both the agent and their upline. Both parties must sign, date, and return the letter, which is then retained in the producer's compliance file for future reference.

Suspend Advanced Commissions

- Depending on the misconduct, or if the misconduct persisted after a Letter of Education, the agent's advanced commissions could be suspended or converted to "as earned." The upline is responsible for communicating the decision to the agent. Advanced commissions can be reinstated if the issues are resolved.

Termination

- For serious or repeated misconduct, or fraud, the agent's appointment may be terminated for cause or not for cause, in accordance with applicable state statutes.

DOI Fraud Filing

- When fraud is suspected or confirmed, the SIU should file a fraud report in accordance with each states reporting requirements.



Key Takeaways

- Smart & intentional friction in the right place helps detect and prevent fraud
- Effectively balancing critical risks and controls while supporting business and sales needs, with minimal impact on the customer experience.
- Combining up front and backend controls/monitoring help to manage fraud risks throughout the entire policy life cycle
- SIUs should conduct regular risk assessments, educate business partner on current & emerging fraud trends, and should have a seat at the table.
- Establish an Agent Oversight Committees protect the organization's integrity by enforcing the rules and ethical standards we expect from our agents.
- Hold agents accountable by enforcing the appropriate level of disciplinary action based on the agent's behavior.



Thank You

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