

FINAL EXAM – Anti-Money Laundering

1. The three stages of money laundering are described as placement, layering and/or _____.
 - A. Integration
 - B. Inactivation
 - C. Intervention
 - D. Innerspace
2. By strict definition, anyone who assists in concealing the _____ from his transaction is considered a money launderer.
 - A. Purpose
 - B. Proceeds
 - C. Terms
 - D. Underlying plan
3. Which of the following might be a suspicious "red flag" that a money laundering scheme is in play?
 - A. The purchase of an insurance product inconsistent with a customer's needs.
 - B. Unusual payment methods like cash
 - C. Early termination of a product at a high cost to customer
 - D. All of the above
4. The obligation to identify and report suspicious transactions applies only to _____.
 - A. Agents
 - B. Brokers
 - C. Insurance companies
 - D. Managing general agents
5. Which of the following is an example of new or developing technologies where it is more difficult to verify identity of the customer?
 - A. In person sales kiosks
 - B. At home sales
 - C. E-commerce / sales through the internet
 - D. Seminars
6. Which of the following regulations are the center of anti-money laundering rules?
 - A. Bank Secrecy Act of 1970
 - B. USA Patriot Act: Title III
 - C. The Anti-Money Laundering Law of 2006
 - D. A&B
7. A Suspicious Activity Report can be triggered if the dollar amount of a transaction involves at least \$ _____.
 - A. \$2,000
 - B. \$5,000
 - C. \$10,000
 - D. \$20,000
8. A "covered product" under anti-money laundering rules includes which of the following:
 - A. Permanent life policy
 - B. An annuity contract
 - C. Any cash value or investment insurance product
 - D. All of the above are covered product
9. Ideally, identification and verification of a customer should take place when the business relationship with that person is _____.
 - A. Established
 - B. Completed
 - C. Half over
 - D. In a public place
10. Overpayment of premiums has been a method of money laundering. Agents should be especially vigilant where:
 - A. The overpayment is large (say \$10,000 or more)
 - B. The request to refund excess premium was to a third party
 - C. The insured is in a jurisdiction associated with money laundering.
 - D. All of the above
11. Why would an insurance company be a target for money laundering?
 - A. A large customer base makes it easier to hide illegal transactions
 - B. The security of investment through bonds and real estate make the return appealing
 - C. Insurers do business in other jurisdictions making access easier
 - D. All of the above

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12. New anti-money laundering rules require insurance companies to establish policies and procedures to _____ its agents and brokers into their anti-money laundering programs.
- A. Exclude
 - B. Integrate
 - C. Comply
 - D. Sample
13. Concerning customer due diligence, insurers should _____ the customers with whom they are dealing.
- A. Investigate
 - B. Know
 - C. Avoid knowing
 - D. Not get involved with
14. Where customers are legal persons or legal arrangements, insurers should:
- A. Verify and identify person acting on behalf of person or business
 - B. Verify the legal status by proof of incorporation or similar evidence
 - C. Form an understanding of the ownership and control structure of the customer
 - D. All of the above
15. Transactions that might trigger or require attention might include:
- A. A change of beneficiaries or payments made to persons other than beneficiaries
 - B. An increase in premiums paid with a request to reimburse overpayments to a third party
 - C. Use of cash to pay large premiums or a wire transfer from a foreign party
 - D. All of the above

--End of Exam--

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Anti-Money Laundering Exam

4 Hours

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