Introduction to Anti-Money Laundering

Money laundering has been around for centuries, for example, when shopkeepers attempted to hide their fortunes from their rulers to avoid taxes and seizure of property. Even in modern times, money laundering in various forms has existed and U.S. financial institutions have had obligations and responsibilities under laws designed to limit money laundering. Prior to the passage of the USA PATRIOT Act in 2001, insurance companies were not affected by these laws, but part of the USA PATRIOT Act requires that insurance agents selling "covered products" receive anti-money laundering training.

A. Definition of Money Laundering

Money laundering is defined as the process of converting funds obtained through criminal activity into what appears to be legitimately acquired money and integrating it into the national and/or international financial systems. This can be done in countless ways, and as anti-money laundering rules and procedures tighten, criminals tend to develop new and more unique ways around them.

B. Learning Objectives

The purpose of this course is to educate agents on their responsibilities as they relate to the USA PATRIOT Act. Upon completion of this course, you will be able to

- Explain the 3 phases of money laundering;
- Identify the types of insurance products most likely to be employed in a money laundering scheme;
- Explain an agent’s responsibility for reporting suspicious activity; and
- Explain the red flags of money laundering as they relate to the utilization of insurance products.

Chapter Complete