

Statement by Director Freis on FinCEN's Partnership with State Insurance Commissioners to Combat Fraud

August 15, 2012

Financial Crimes Enforcement Network (FinCEN) Director James H. Freis, Jr., issued the following statement today:

“This week, I participated in the summer meetings of the National Association of Insurance Commissioners (NAIC), held in Atlanta, GA. FinCEN and the State insurance commissioners have forged a partnership to carry out their shared goals of protecting insurance companies and their customers from the criminal abuse of money laundering and combatting fraudulent activity.

“I addressed the NAIC's Antifraud Task Force, discussing past successes in supporting State insurance fraud investigations, as well as future opportunities for greater collaboration in combatting fraud in everything from healthcare to residential mortgages. I also spoke before the NAIC Title Insurance Task Force, including the Title Insurance Market Conduct and Mortgage Fraud Working Group, where a major agenda item was FinCEN's recently published report on [*Real Estate Title and Escrow Companies*](#). FinCEN looks forward to working closely with these State title insurance regulators collectively to develop a deeper understanding of the risks of criminal activity in this industry sector, as well as to explore possible opportunities to mitigate those risks.

“While at the meetings, I signed Memoranda of Understanding (MOUs) with Wisconsin Insurance Commissioner Ted Nickel and Nebraska Department of Insurance Director Bruce R. Ramage. These agreements follow FinCEN's previous signings with the insurance commissioners from [Louisiana](#) and [California](#) that allow FinCEN – as the Federal anti-money laundering (AML) regulator – and the State insurance regulators to share important information, enabling both parties to better protect the industry and consumers from criminal activity and fraud.

“The State insurance Commissioners agreed to incorporate a review for compliance with FinCEN's regulations into their financial examinations of insurance companies. States increasingly will begin implementing these compliance reviews as they begin future examination cycles. The MOUs will allow for the sharing of supervisory information developed through those examinations as well as the sharing of related information relevant to assessing risks and regulatory compliance. With the help of the NAIC, FinCEN and the State insurance commissions have developed a standardized template that will now be signed with an increasing number of States.

“The new MOUs will allow for improvements and enhancements to the level of AML cooperation and will maximize combined resources in discharging their statutory obligations to defend against money laundering, fraud, and other financial crime. The collective goal is to enhance communication and coordination between FinCEN and these State departments to help

insurance companies better identify, deter, and interdict financial crime and efficiently convey that information to FinCEN.

“FinCEN’s new partnerships will enable all parties to share information to better detect and deter illicit financial activity including insurance fraud. FinCEN has a solid record of working with state financial regulators and these partnerships lead to more efficiency for taxpayer money, and more criminals behind bars. This regulatory partnership between FinCEN and the State insurance commissions, including the execution of the information sharing MOUs, also furthers the AML/counter-terrorist financing component of the Core Principals for Effective Insurance Supervision, as mentioned in the International Monetary Fund’s [*Detailed Assessment of Observance*](#).”

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