

March: Fraud Prevention Month

**BEWARE OF INSURANCE FRAUD**

**Montréal, March 18, 2009** – As part of Fraud Prevention Month, the *Autorité des marchés financiers* (AMF) wishes to help consumers better recognize, avoid and report fraudulent insurance practices.

Fraudulent insurance schemes can take a variety of forms. Two frequent examples are the misappropriation of premiums and fraudulent investments related to cash surrender values.

Misappropriation of premiums

When taking out personal or damage insurance as protection against risk, a consumer is charged a premium by the insurer. However, there have been cases of persons purporting to be representatives and misappropriating premiums for their own personal gain. These scammers pocketed the money without the consumer's knowledge, and no contract was issued by the insurer. Consumers who believed they held a valid contract discovered the fraud after filing a claim with the insurer.

Fraudulent investments related to cash surrender values

Consumers have been approached about cashing in their life insurance policies in order to invest in so-called high-yield investments. Unfortunately, they lost significant amounts of money.

“We recommend that consumers always check that the representative and insurer they are dealing with are registered with the AMF,” noted Anne-Marie Poitras, AMF Superintendent, Client Services and Compensation. “Too often, consumers are fooled by individuals who aren't registered, making it impossible for them to submit a claim to the compensation fund,” explained Ms. Poitras.

Ms. Poitras offered other advice to consumers:

- Make sure you receive your insurance contract within a few weeks of applying for it, and read it carefully.
- Call the insurer's customer service department to check if your contract is in force.
- Carefully go over your statements and discuss any anomalies, particularly withdrawals, with your representative.
- Ask questions and request a second opinion if someone urges you to cash in your life insurance policy and invest the proceeds.
- Avoid paying in cash or issuing a personal cheque in the name of your representative.

Throughout the month of March, the AMF will highlight a number of insurance and securities fraud schemes while reminding consumers of the importance of being careful.

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial sector.

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