



Crime Watch

Life Insurance Fraud

(NAPSA)—Viatical settlements are relatively new investments, the popularity of which has soared in the last several years. But like other legitimate investments, these settlements can become vehicles for fraud.



Even legitimate investment opportunities can become vehicles for fraud.

Here's how a settlement works: An elderly or terminally ill person wishes to get cash from his or her life insurance policy. He or she sells the policy, at less than face value, to a viatical company. This company, in turn, finds an investor willing to buy the policy and wait for the insured person to die. The investor then collects the full benefit.

Fraud may occur at both ends of this arrangement. If the insurance company did not know that the insured had a terminal illness, the policy likely won't be honored. The investor gets stuck with a worthless policy. Similarly, a dying person may get some fast cash by buying a large policy and immediately selling it.

The U.S. Postal Inspection Service and the FBI have formed a task force to investigate viatical settlement fraud.

Protect yourself. Be suspicious of any deal that promises fantastic return at little risk. Know whom you are dealing with. If you are not sure, check the company's reputation with your local Better Business Bureau or District Attorney's Consumer Protection Unit. If you've been the victim of viatical fraud where the mail was used, contact the U.S. Postal Inspection Service at 1-800-372-8347.