four faces

Why some Americans do — and do not tolerate insurance fraud

A study on public attitudes from 1997 to 2007
four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

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Introduction

In 1997, the Coalition Against Insurance Fraud commissioned comprehensive research to learn why and to what degree Americans tolerate insurance fraud. A broad-based research committee was formed and a well-regarded national research firm was employed to guide the process and to conduct public surveys.

1997 study

The research included focus groups with consumers in various cities across the U.S. These sessions helped to frame the issues and develop a lengthy survey instrument that was used to conduct telephone interviews with 602 Americans. The research firm conducted cluster analysis on the data and found that 98% of Americans fell into one of the four groups as far as their tolerance for fraud and how they felt about anti-fraud activities. A copy of the 1997 study is available on the coalition’s website at www.InsuranceFraud.org.

Four Faces emerge

Each cluster was given a name. First, there is the Moralist, which represents the largest group. These people have no tolerance for fraud, see no reason why anyone should ever commit it and support strong punishment against those who do.

Next, there is the Realist. These people also have a low-level of tolerance, but understand why some people might justify the fraud they commit in some instances.

Next is the Conformist. They are fairly tolerant of fraud. They think everyone is doing it and that it’s no big deal if people take advantage of an opportunity to defraud when presented.

Lastly, is the Critic. This was the smallest group at 21 percent, but the most tolerant of insurance fraud and other white-collar crimes. They think insurers only have themselves to blame for the high level of fraud. They tend to blame external forces for things that go wrong in life. They have little regard for big institutions in society, including business, government and the news media. If psychological profiles were done on people convicted of fraud, a strong majority likely would fall into this category. These are not necessarily “born criminals,” and most probably do not commit fraud, but they clearly have no problem with other people committing it.

* * *

That was the snapshot of the tolerance and attitudes of the American public in 1997. This research was conducted in part to place consumer attitudes in context and attempt to create strategies to target each group with specific messages that would either reinforce good behavior or improve negative attitudes.

However, in reviewing the demographics of this study, there was little difference among the four groups when it
came to education levels, income, race, age or geography. So specific targeting would be difficult at best. However, the 1997 report did recommend a number of broad strategies including enhanced public education efforts, enlisting insurance agents and local consumer leaders to carry the anti-fraud message, creating more reward programs and outreach by insurers to their policyholders as a deterrent to committing fraud.

Fast forward ten years.

In 2007 the Coalition Against Insurance Fraud duplicated the 1997 research project to determine whether any shifts in public tolerance could be detected over the 10-year period. The same research firm, Shugoll Research of Bethesda, Md. was hired to conduct the study. In October of 2007, more than a 1,000 Americans were surveyed using the same survey instrument. The methodology was changed from telephone interviews to Internet surveys from a pre-screened panel of participants. To determine whether the methodology change might create undue bias on survey results, Shugoll earlier conducted tests using both telephone and the Internet with similar sample groups and found the differences to be insignificant.
The difference in results from 1997 to 2007 was significant in several areas. Universally, tolerance for insurance fraud increased during the period. The least tolerant group shrunk as a percentage of the American population and the size of the most tolerant group expanded. The Moralists represented more than 30 percent of the American public in 1997 and now has fallen to 26 percent. On the other end of the spectrum, the Critics grew from 20 percent to 26 percent — an increase of 30 percent. Extrapolating that increase out to the American population, that means in the ten years from 1997 to 2007, there are 13.5 million more adults who may have the highest tolerance level for fraud. This study didn’t seek to understand the percentage of the Critics who actually admit to committing insurance fraud, but it stands to reason that every percentage in a shift from the least tolerant to the most tolerant likely means millions of dollars more in losses caused by fraud.

The second least tolerant group, the Realists, remained the same, while the second most tolerant, the Conformists, increased slightly.

Other fraudulent behavior

The finding that Americans are becoming more accepting of fraudulent or unethical behavior tracks with other social science conducted in recent years. Insurance fraud is not alone as an area where ethics seem to be slipping. The 1997 and 2007 studies also tested survey participants tolerance and perceptions of unethical behavior with other types of fraud. Participants were asked if it was ever acceptable to use a credit card that was found on the street, and whether it’s acceptable to evade paying taxes.

In both studies consumer were also asked if it was ever OK to use a credit card that was found on the street, or if it’s OK to commit tax fraud. In 2007, the percentage of people saying those two things are unethical also fell.
Participants were asked if committing credit card fraud was unethical. In 1997, 98 percent said yes. In 2007, the percentage who agreed with that statement fell to 94 percent. Still a relatively high percentage, but the decline does indicate a greater acceptance of unethical behavior.

In 1997, 82 percent said cheating taxes was OK. That figure fell to 75 percent in 2007, a significant decline.

The two areas of insurance—filing a false claim and inflating a legitimate claim—also had significant reductions in the percentage of participants who saw those behaviors as unethical. In the 2007 study, an additional question was added to test the perception of whether unauthorized copying or downloading of music and videos was deemed unethical. A total of 61 percent responded positively. This question was added for comparison purposes with future studies.

Perceived Prevalence

The perceived prevalence of unethical behavior is up across the board. More people think fraud is rampant, which may be a result of the increased media attention to fraud in the past few years.

Each of the five areas measured had statistically significant increases. The area with the largest spike in perception of prevalence came in the category of claiming for prior damage after initiating coverage. While prevalence rose among all four cluster segments, it spiked the most with The Critics.
Ethical considerations

One of the telling findings is that more people are willing to take into consideration outside factors in deciding whether a behavior is unacceptable. So-called “situation ethics” come into play much more so than in 1997. Some of those factors tested include if anyone is damaged, whether there’s extenuating circumstances, how much money is taken and whether the practice is common. In all cases except the last, more people in 2007 are willing to consider other factors in determining whether a behavior is unethical.

A total of 57 percent of participants in 1997 said that they would consider whether anyone is damaged by the behavior. That percentage jumped a full 10 points in 2007. In other words, theses participants suggested that some frauds are OK as long as no one gets hurt.

Even more prominent are 64 percent who said it’s OK to defraud if there are extenuating circumstances, which were not defined. In 1997, this percentage was 42.

Knowledge and reporting

While more people think that fraud is rampant, fewer say they know someone who committed fraud. In 1997, 31
percent of participants said they knew someone who committed insurance fraud. That percentage fell to 26 percent ten years later, and fell among all cluster groups sans one. In 1997, only 16 percent of The Critics said they had personal knowledge of fraud. That number rose to 25 percent in 2007. Of those who say they had personal knowledge of fraud, the percentage who say they did not report the fraud also fell slightly, from 83 percent to 80 percent.

Reasons for Non-Reporting

People who had personal knowledge that fraud was being committed cited several reasons for not reporting fraud. Of the seven reasons mentioned, four has significant deviations in the answers given from the 1997 survey.

One of the biggest deviations between the two years was the reason that they could not prove it was fraud, which was cited by more than half of the people who say they never reported fraud. A significant number of people apparently feel they need definite proof before reporting. In the 2007 study, that reason was the one most often cited. A significant portion of recipients (42 percent) also said they didn’t report the fraud because it was none of their business.

A growing number of people also say they fear for their safety in reporting fraud, in fact that reason jumped tenfold from two to 20 percent. This may reflect the growing level of violent individuals who engage in fraud.

Lastly, the percentage of people who say they do not report because the fraud was perpetrated by a friend or neighbor more than doubled from 1997 to 2007.
Frauds impact on premiums
Participants were asked whether they felt insurance premiums are higher because of inflated or false claims. More than nine of ten in 1997 said yes to this statement in 1997. By 2007, the percentage who agreed fell to 83 percent. A total of 87 percent of the Moralists felt that premiums were influenced by fraud while only 73 percent of the Critics agreed with that statement. From 1997 to 2007, the percentage of Moralists dropped a full 10 points on this question.

Personal concern about insurance fraud
The level that people who expressed concern about insurance fraud dipped slightly from 1997 to 2007. The percentage of participants who say they are “extremely concerned” or “very concerned” about insurance fraud fell from 52 percent to 49 percent, even though overall there is a greater perception that fraud is more prevalent. Taken together, these two questions suggested that Americans may be much less concerned about insurance fraud than the latter question suggests.
Reasons for unethical behavior

Participants were asked to evaluate seven possible reasons why people might commit insurance fraud. They were whether they agreed, disagreed or had no opinion about each statement. The level of agreement with the statements between 1997 and 2007 did not differ significantly, but the number of people who had no opinion increased sharply while the number of responses disagreeing with the statements fell. In the 1997 study, the average percentage of “no opinion” answers over the seven statements was 6.3. That jumped to 28.9 percent in the 2007 study. People appear to be less sure what may influence unethical behavior.

The biggest deviation between the two studies came with the statement that people are forced into committing unethical acts because it is the only way to get the insurance coverage they need. In 1997, a majority of respondents — 59 percent — disagreed with this statement. In 2007, the level of disagreement fell to 38 percent.

The responses to these seven statements suggest that public attitudes have hardened about why people commit fraud. Interestingly, even though positive attitudes toward insurers have declined significantly, when asked if people would lie less if insurers treated them more fairly, the number of respondents who agreed with that statement rose only slightly from 39 to 41 percent.

Support for anti-fraud activities

Participants were asked about certain steps that insurers might take to combat insurance fraud. As in 1997, the overwhelming majority in 2007 said that honest consumers
should be rewarded with lower premiums. The other six options participants could choose all fell off from 1997 to 2007. There is still strong support for public outreach on explaining how fraud increases premiums, but it was down from 92 percent to 86 percent.

One of four Americans do not think insurers should investigate more rigorously or that more cases should be prosecuted. The growing lack of support for these anti-fraud activities is significant.

**Perceptions of industry**

One significant finding is that positive perceptions of the insurance industry have plummeted. In 2007, only 39% said they had a positive perception. Individual insurers did a little bit better, but was still down.

Insurance agents took the biggest hit, falling from a 74% positive rating to 55%, which likely reflects the reduced level of personal interaction people have with their local agents. Still, a majority of participants has a positive perception of agents.

**Research implications**

The overall findings of this study are troubling to anyone who believes that reducing tolerance of unethical
behavior is a key to curbing insurance fraud. These findings are in line with other research that suggests America has gone from a nation that believes right and wrong are black and white, to one where there are many shades of grey. This shift allows people to morally and intellectually justify unethical behavior, whether it’s so-called situational ethics that it’s OK to defraud as long as no one gets hurt. Or that’s it’s acceptable because everyone seems to be doing it.

The growing number of Americans — especially younger people and minorities — are becoming more tolerant of unethical behavior. The loss of support for punishment is also a major worry.

Figure 5. Agreement with reasons for unethical behavior

<table>
<thead>
<tr>
<th>Reason for Unethical Behavior</th>
<th>1997</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>If insurance companies treated people with respect, people would not lie to them</td>
<td>-50%</td>
<td>-18.75%</td>
</tr>
<tr>
<td>People are forced into this behavior because it’s the only way to get insurance coverage they are owed</td>
<td>-60%</td>
<td>-26.25%</td>
</tr>
<tr>
<td>Nobody tells the truth on insurance applications</td>
<td>-70%</td>
<td>-33.75%</td>
</tr>
</tbody>
</table>

Figure 5. Steps insurers should take to combat fraud

<table>
<thead>
<tr>
<th>Step to Combat Fraud</th>
<th>1997</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower premiums</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>Inform people about fraud costs</td>
<td>92%</td>
<td>91%</td>
</tr>
<tr>
<td>Verify info more carefully</td>
<td>72%</td>
<td>81%</td>
</tr>
<tr>
<td>Investigate claims more rigorously</td>
<td>86%</td>
<td>94%</td>
</tr>
<tr>
<td>Prosecute more cases of suspected fraud</td>
<td>87%</td>
<td>89%</td>
</tr>
<tr>
<td>Require more documentation</td>
<td>73%</td>
<td>85%</td>
</tr>
<tr>
<td>Offer rewards to tipsters</td>
<td>67%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Coalition Against Insurance Fraud, 2008
Personal concern for fraud is falling, while the perception of prevalence is rising steadily. This is a strange combination that appears to suggest that Americans are getting used to the idea that fraud is becoming a way of life and that sometimes decent people behave unethically and it’s not a big deal.

Yet, there was relative stability between the two studies in the personal concern people expressed about insurance fraud. The disconnect here may be that while people are concerned about insurance fraud, fewer feel there should be more anti-fraud efforts to curb fraud. Perhaps they feel such efforts will have little impact. A total of 15% express little or no concern about the incidence of fraud.

One in four participants in the study said they were aware of an incident of insurance fraud, yet 80 percent said they did not report it. The major reason cited was they felt they had to have proof before reason and they lacked solid evidence. There appears to be misunderstanding about the circumstances in which people should report fraud.

Another finding that is a cause for concern is that fewer people are connecting higher incidence of fraud with higher insurance premiums. Perhaps the disconnect is caused by the fact that most people perceive fraud to be rampant, but a majority say their own insurance is fairly priced. Do people have to feel the effects of fraud before they support remedies to it?

The falling level of support for anti-fraud remedies suggest this may be the case. The decline in support for investigation and prosecution suggest that some people may not see these as effective tools to curb fraud. Yet, both of these anti-fraud activities remain relatively high at 73 percent, and should be monitored in the future.

One of the drivers that also bears watching is the attitude Americans hold towards the insurance industry and insurers. The falling positive attitude certainly has a relationship to levels of public tolerance of fraud, but to what degree is anyone’s guess.
Recommendations

The 2007 study clearly shows the fraud-fighting community has much work ahead to reverse the high tolerance of insurance fraud. Tolerance helps to create an environment that allows unethical behavior to flourish. One of the strongest influencers on human behavior is peer pressure and social stigma. Most people tend of avoid behavior that is looked down upon by their friends, families and coworkers. General recommendations include:

☑ Create a greater social stigma. Clearly, a growing number of Americans view insurance fraud as a minor crime and no big deal. It must be viewed as a serious infraction of the public compact that all Americans share as a civilized society. The concept should be reinforced that when one person violates this social compact, all are harmed. There also should be greater awareness that getting caught has serious consequences; not only can it result in a criminal record and incarceration, but it can place a job and career in jeopardy, and harm relationships with spouses, children and friends. The report, “United We Brand,” by the Coalition Against Insurance Fraud contains several ideas on how to begin developing a campaign to achieve these goals.

☑ Enhance public education about reporting fraud. There seems to be a major disconnect in that many people think they need to have ironclad evidence before reporting fraud. Organizations that sponsor hotlines and websites for reporting fraud need to help people better understand what constitutes fraud and that evidence need not be supplied in order to report fraud.

☑ Tie fraud to higher premiums. Americans need to understand that there is a direct correlation between the level of fraud and the cost of insurance. Fraud is not some abstract concept. It has real-life consequences involving fairness, insurance affordability and public safety. Greater public awareness about these consequences will help people “own” this problem and resist condoning it. At the same time, Americans need to know that anti-fraud activities — specifically investigation of suspect claims and prosecution — are in their best interest and it’s wise to support them.

☑ Reward good behavior and intolerant attitudes. In the very least, people need to know their honestly and lower level of tolerance are appreciated. Methods need to be developed to identity and recognize good behavior. The fraud-fighting community needs to be more pro-active in enlisting honest citizens in the battle against insurance fraud, which will reinforce good behavior and better isolate those who choose to cheat.

☑ Promote zero tolerance. This concept needs to be advanced to curb the idea that some fraud is justified in certain circumstances. The graying of right and wrong can be reversed by promoting the concept the there’s no such thing as a little bit of fraud. Fraud is fraud.

☑ Keep the amount of fraud in perspective. The false theory that fraud is ubiquitous plays into the hands of those who excuse their bad behavior because “everybody’s doing it.” Whether opportunity fraud by regular individuals or organized fraud by criminal enterprises, insurance crime is being perpetrated by a small minor of the population. By focusing on the idea that it’s just a small percentage of people who are committing this
crime, the fraud-fighting community will further isolate fraudsters and help honest citizens become less tolerant.

Enhance the image of the insurance industry. Like it or not, the success of combating fraud is tied to some degree on how people feel about insurers, agents and others in the insurance industry. Insurers need to better understand that their dealings with individuals and the public at large has an indirect correlation with the public’s appetite for fraud. Being a good corporate citizen has its rewards beyond the obvious. As in the previous study, there is some evidence that the more people have experience with the industry — whether through buying insurance or filing a claim — the less likely they are to be tolerant of fraud. Insurers and agents bring much value to their customers, communities and society overall, yet the industry does a poor job of communicating that value to the public. The insurance industry also needs to adopt zero tolerance of fraud and unethical conduct within its own ranks. Self-policing and greater regulatory oversight of anti-fraud activities would go a long way to attach more of a corporate sigma to unethical behavior.

Methodology

A 15-minute online survey was conducted from October 4-15, 2007 using an online panel, among U.S. citizens aged 18 and over. Half of the sample consisted of males and the other half of females. A total of 1169 respondents were interviewed in the survey. Of this, 1005 respondents were selected randomly from the US population. An additional 164 booster interviews were conducted to get enough representation of the priority states of California, Florida, New Jersey, New York, Pennsylvania and Texas in order to examine their results separately.

The average Interview length was approximately 9 minutes and the Incidence rate was 86%.

Respondents were screened to ensure that they were U.S. citizens and that they or an immediate family member were not employed by an advertising or public relations agency, a market research firm or in the insurance industry, as a regulator or as a personal injury attorney. The 1997 survey was conducted by telephone with a sample of 602 U.S. citizens. An identical survey was used in both waves to facilitate comparison across waves. Overall U.S. survey results are accurate within plus or minus 3.2 percentage points at the 95 percent confidence level. The level of precision is lower for subgroups because of the smaller number of respondents. Subgroup analyses are reported if significant differences exist at the 95 percent confidence level.

Cluster analysis

A cluster analysis was performed on the data using the results of three questions in the survey: (1) Ratings on acceptability of various types of unethical insurance behaviors, (2) Agreement ratings on rationales for performing unethical insurance behaviors, and (3) Ratings of the suitability of possible consequences or punishments for unethical behaviors.

This multivariate analysis technique allowed the respondents to be segmented into several different groups based
on how tolerant they are of insurance fraud and their perceptions of why fraud is committed.

The cluster analysis grouped respondents with similar response patterns together into four segments. Since a new cluster analysis produced results very similar to a cluster analysis run in 1997, the 1997 solution was used in defining the segments used in the current analysis.

These segments were then cross-tabulated by all the study questions in order to describe each segment according to their demographic characteristics, as well as their attitudes toward and perceptions of unethical insurance behavior. With these profiles, the Coalition Against Insurance Fraud can better target key messages to those most likely to be receptive to attitude and behavior change regarding unethical insurance behavior.

A description of each cluster segment is as follows:

✓ **The Moralists**: Have the least tolerance of all the groups to unethical behavior; they believe that there is no excuse for this behavior and are the most willing to strongly punish perpetrators (N=258)

✓ **The Realists**: Low tolerance for unethical behavior, but they realize that these behaviors occur and do not advocate strong punishment; they may feel that some behavior is justified depending on the situation (N=211)

✓ **The Conformists**: Fairly tolerant of insurance fraud because they think this behavior has become more accepted since many people now do it; they believe in moderate forms of punishment because “everybody does it” (N=276)

✓ **The Militants**: Have the highest tolerance for unethical behavior; they believe the insurance industry is at fault and that people’s behavior is justified because insurance companies do not conduct business fairly; they want little or no punishment for perpetrators (N=260)

A demographic profile of each segment and the results of each segment’s responses to all other questions are included in the appropriate sections of the detailed findings portion of this report.
Survey instrument

Welcome! Thank you for participating in our survey about ethical and unethical behaviors. This is strictly market research and all answers will remain anonymous.

1. First, are you or is anyone in your immediate family employed in the following fields?

<table>
<thead>
<tr>
<th>Field</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>In advertising or public relations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>In market research</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>In the insurance industry</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>As an insurance regulator</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>As a personal injury attorney</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

2. Are you a U.S. citizen?

<table>
<thead>
<tr>
<th>Option</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

2b. In what state do you reside?

3. What is your age?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 18</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>18 to 24</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>25 to 34</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>35 to 44</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>45 to 54</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>55 to 64</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>OR65 or older</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>
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4. What is your gender?

CHECK ONE

Male
Female

5. The purpose of this survey is to understand the public’s attitudes about ethical and unethical behaviors. For each of the following, please indicate how ethical or unethical you believe each behavior to be.

<table>
<thead>
<tr>
<th>Completely Unethical</th>
<th>Completely Ethical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using someone else’s credit card that is found in a public place</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
<tr>
<td>Submitting an insurance claim for more than the amount of damages</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
<tr>
<td>Failing to declare all income on a tax return</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
<tr>
<td>Misrepresenting the nature of an incident to obtain insurance payment for a loss not covered by the policy</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
<tr>
<td>Unauthorized downloading or copying of music or videos</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
</tr>
</tbody>
</table>

6. In deciding how ethical or unethical these behaviors are, do you consider:

CHECK ONE BOX PER ROW

<table>
<thead>
<tr>
<th>The dollar amount involved</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>If anyone is damaged by the Action</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>How common the practice is</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Whether there are extenuating circumstances or special reasons that explain the behavior</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

7a. Now, please focus specifically on behavior related to purchasing or using insurance. Across the entire U.S. population, how common or uncommon do you believe each of these behaviors is?

CHECK ONE BOX PER ROW
### four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

<table>
<thead>
<tr>
<th></th>
<th>Very Common</th>
<th>Fairly Common</th>
<th>Fairly Uncommon</th>
<th>Very Uncommon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misrepresenting facts on an insurance application</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>in order to obtain insurance or obtain a lower rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submitting an insurance claim for damages that occurred</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>prior to the accident being covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflating an insurance claim to help cover the deductible</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Misrepresenting the nature of an incident to obtain</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>insurance reimbursement for a loss not covered by the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Falsifying receipts or estimates to increase the amount</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>of an insurance settlement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7b. Do you personally know someone who has ever done any of these behaviors?

**CHECK ONE**

<table>
<thead>
<tr>
<th></th>
<th>CHECK FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
</tr>
</tbody>
</table>

7c. Have you ever reported anyone to an insurance company or law enforcement authorities because they performed any of these behaviors?

**CHECK ONE**

<table>
<thead>
<tr>
<th></th>
<th>CHECK FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
</tr>
</tbody>
</table>

7d. Why not?

**CHECK ALL THAT APPLY**

<table>
<thead>
<tr>
<th></th>
<th>CHECK FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not think</td>
<td>1</td>
</tr>
<tr>
<td>behavior was that</td>
<td></td>
</tr>
<tr>
<td>wrong/that serious</td>
<td></td>
</tr>
</tbody>
</table>
The person was a friend/relative/neighbor who trusted me 2
Did not know who to turn them in to/report behavior to 3
It is none of my business/ I didn’t want to get involved 4
Everyone does it/it is accepted 5
They deserved to get whatever they could 6
It isn’t really affecting/hurting anyone 7
There were extenuating circumstances/special reasons for it 8
Suspected, but couldn’t prove 9
Concerned about personal safety/person might retaliate 10
Other (SPECIFY) 11
Don’t know 12

8a. How concerned are you personally about the degree to which these behaviors are currently occurring?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely concerned</td>
<td>5</td>
</tr>
<tr>
<td>Very concerned</td>
<td>4</td>
</tr>
<tr>
<td>Somewhat concerned</td>
<td>3</td>
</tr>
<tr>
<td>Not too concerned</td>
<td>2</td>
</tr>
<tr>
<td>OR Not at all concerned</td>
<td>1</td>
</tr>
</tbody>
</table>

8b. Do you believe that insurance premiums are higher than they would be otherwise as a result of these behaviors?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
</tr>
<tr>
<td>No (SKIP TO Q.9)</td>
<td>2</td>
</tr>
<tr>
<td>Don’t know</td>
<td>3</td>
</tr>
</tbody>
</table>

8c. Approximately what percentage higher do you think insurance premiums are as a result of false or inflated insurance claims? _______ %
9. How acceptable or unacceptable to you are the following behaviors?

<table>
<thead>
<tr>
<th>CHECK ONE BOX PER ROW</th>
<th>Totally Unacceptable</th>
<th>Totally Acceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misrepresenting facts on an insurance application in order to obtain insurance or obtain a lower rate</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
<tr>
<td>Submitting an insurance claim for damages that occurred prior to the accident being covered</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
<tr>
<td>Inflating an insurance claim to help cover the deductible</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
<tr>
<td>Misrepresenting the nature of an incident to obtain insurance payment for a loss not covered by the policy</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
<tr>
<td>Falsifying receipts or estimates to increase the amount of an insurance settlement</td>
<td>1 2 3 4 5 6 7 8 9 10</td>
<td></td>
</tr>
</tbody>
</table>

10. Below are several reasons that some people give for performing the previous behaviors. To what extent do you agree or disagree with each?

<table>
<thead>
<tr>
<th>CHECK ONE BOX PER ROW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree Strongly</td>
</tr>
<tr>
<td>Nobody tells the whole truth on their insurance applications</td>
</tr>
<tr>
<td>Insurance companies make too much money at the consumer’s expense</td>
</tr>
<tr>
<td>People are only looking to get a fair return on all the premiums they’ve paid</td>
</tr>
</tbody>
</table>
Insurance rates are based on the assumption that everyone does this
If insurance companies treated people with more respect, people wouldn’t lie to them as much
Insurance premiums continue to increase regardless of one’s claims history
People are forced into this behavior because it’s the only way to get the insurance coverage they are owed

11. What, if anything, currently prevents some people from participating in these types of behaviors?

CHECK ALL THAT APPLY

Strong sense of right and wrong/moral character/basically honest 1
Lack of opportunity to perform these behaviors/no accidents or incidents 2
Close-knit community where everyone would know if they did these behaviors 3
Fear of being caught (in general) 4
Embarrassment of being caught 5
Fear of prosecution 6
Other (SPECIFY) 7
Don’t know 8

12. To discourage these types of behavior, do you think insurance companies should: (RANDOMIZE LIST)

CHECK ONE BOX PER ROW

<table>
<thead>
<tr>
<th>Verify the information on insurance applications more carefully</th>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Investigate claims more rigorously</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>
**four faces:**

Why Americans Do and Do Not Tolerate Insurance Fraud

<table>
<thead>
<tr>
<th>jeder</th>
<th>hasen</th>
<th>vorsicht</th>
<th>sicherheit</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>prostate more cases of suspected fraud</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Require more documentation so it is harder for consumers to falsify records</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have lower insurance premiums for consumers with few or no claims</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offer rewards to consumers who provide information that leads to insurance fraud convictions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inform people how insurance fraud increases insurance costs for all</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. The following are some possible consequences that could occur to people who perform these behaviors. For each, please tell me how suitable or unsuitable you think the consequence is.

**CHECK ONE BOX PER ROW**

<table>
<thead>
<tr>
<th>consequence</th>
<th>Not at all</th>
<th>Suitable</th>
<th>Extremely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims are processed with no questions asked</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>All claim payments are denied if facts on insurance application are misrepresented</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Any portion of a claim that is unjustified is denied but the remainder of the claim is paid</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>If a consumer claim is found to be unjustified in part or in whole, the consumer pays the costs associated with insurance company investigations</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>The consumer is prosecuted for lying and purposefully falsifying information</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>The consumer is denied insurance coverage in future if they have been found to submit false claims in past</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

14. These last questions are for classification purposes only. Which of the following types of insurance policies do you currently have? (RANDOMIZE LIST)

**CHECK ONE BOX PER ROW**

<table>
<thead>
<tr>
<th>type of insurance policy</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

Health insurance 1 2
Automobile insurance 1 2
Life insurance 1 2
Homeowner or renter insurance 1 2
Disability insurance 1 2

15a. Have you filed any type of insurance claim within the past two years?

CHECK ONE
Yes 1 →(CONTINUE)
No 2
Don’t know/Don’t remember 3 →(SKIP TO Q.16a)

15b. For what type of insurance coverage have you filed a claim within the past two years? (RANDOMIZE LIST EXCEPT OTHER)

CHECK ALL THAT APPLY
Health insurance 1
Automobile insurance 2
Like insurance 3
Homeowner or renter insurance 4
Disability insurance 5
Other (SPECIFY) _________________ 6

16a. What are your attitudes toward the insurance industry in general?

CHECK ONE
Very positive 5
Fairly positive 4
Neither positive nor negative 3
Fairly negative 2
### four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

16b. What are your attitudes toward your insurance company?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very positive</td>
<td>5</td>
</tr>
<tr>
<td>Fairly positive</td>
<td>4</td>
</tr>
<tr>
<td>Neither positive nor negative</td>
<td>3</td>
</tr>
<tr>
<td>Fairly negative</td>
<td>2</td>
</tr>
<tr>
<td>Very negative</td>
<td>1</td>
</tr>
</tbody>
</table>
| Don’t have any insurance   | 6 | → (SKIP TO Q.17a)

16c. What are your attitudes about your insurance agent(s)?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very positive</td>
<td>5</td>
</tr>
<tr>
<td>Fairly positive</td>
<td>4</td>
</tr>
<tr>
<td>Neither positive nor negative</td>
<td>3</td>
</tr>
<tr>
<td>Fairly negative</td>
<td>2</td>
</tr>
<tr>
<td>Very negative</td>
<td>1</td>
</tr>
<tr>
<td>Don’t have insurance agent</td>
<td>6</td>
</tr>
</tbody>
</table>

16d. How reasonable do you think your insurance premiums are?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very reasonable</td>
<td>4</td>
</tr>
<tr>
<td>Fairly reasonable</td>
<td>3</td>
</tr>
<tr>
<td>Fairly unreasonable</td>
<td>2</td>
</tr>
<tr>
<td>Very unreasonable</td>
<td>1</td>
</tr>
<tr>
<td>Depends on type of insurance</td>
<td>5</td>
</tr>
</tbody>
</table>

17a. What is your marital status?

<table>
<thead>
<tr>
<th>CHECK ONE</th>
<th></th>
</tr>
</thead>
</table>
four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

Single, never married 1
Married 2
Widowed 3
Separated or divorced 4

17b. Do you have any children who are covered on your household’s insurance?

CHECK ONE
Yes 1
No 2
Don’t know 3

18. Do you own or rent your home?

CHECK ONE
Own 1
Rent 2
Other 3

19. How would you describe the area you live in?

CHECK ONE
City 1
Suburban 2
Small town 3
ORRural 4
Don’t know 5

20. What is the highest level of education that you have completed? (DO NOT READ)

CHECK ONE
High school diploma or less 1
Technical/2 year college 2
Some college 3
College degree 4
four faces:
Why Americans Do and Do Not Tolerate Insurance Fraud

Some graduate work 5
Graduate degree 6

21. What is your racial or ethnic background?

CHECK ALL THAT APPLY

White 1
Black 2
Hispanic 3
Asian 4
ORSome other race or ethnic background 5
(SPECIFY) __________________
Prefer not to answer 6

22. What is your home zip code? (RECORD BELOW)

________________________

23. And, lastly, please stop me when I reach the category that includes your household income before taxes.

CHECK ONE

Less than $25,000 1
$25,000 - $34,999 2
$35,000 - $49,999 3
$50,000 - $74,999 4
$75,000 - $99,999 5
$100,000 - $149,999 6
$150,000 – $199,999 7
$200,000 - $249,999 8
$250,000 or more 9
Prefer not to answer 10