America continues to struggle with the COVID-19 pandemic and long-standing racial issues which plague our country. The fight against insurance fraud is not separate from our nation but reflects our collective thoughts, concerns and fears. These major events which are shaping the year 2020 also impact how we view and battle against insurance fraud.

I continue to be amazed at the collective anti-fraud efforts underway as we move through this pandemic. A year ago the thought of doing fraud investigations from dining rooms, spare bedrooms and basements, or doing EUOs via videoconference, would have sounded ridiculous, yet we have changed and adapted to the times. Fraud fighters continue to protect American citizens from the cost and damage inflicted by insurance fraud.

Your Coalition has also changed and adapted. We have both participated in and hosted multiple webinars, podcasts and video conferences addressing the impact of COVID-19 on insurance fraud. In June we set another record when our joint “Stop the Spread” webinar logged an all-time high number of attendees for our partner the CLM. Today we will be presenting the first of its kind webinar addressing the rise of tele-health and insurance fraud.

We do this because indications remain strong that COVID-19 will spur a dramatic rise in insurance fraud. In May the United Nations reported a 600% increase in malicious “phishing” emails during the pandemic.
Coalition member FRISS released a report only a few weeks ago noting data showing a strong uptick in the volume of fraud investigations even though total claims volume is down. As their report noted, even though there are fewer claims, a higher proportion of them look suspicious.

While we remain committed to providing you the most current available data on COVID-19 fraud, we also hope this passes as vaccine research continues. Unfortunately such a simple cure does not exist for the issues surrounding racial equality in our nation. We must also accept that such biases have no place in the fair and honest evaluation of insurance fraud. Equally we must acknowledge fraud investigations have been plagued for years with biases — some institutional and some personal. From 35 years of handling insurance claim investigations I unfortunately know this to be true.

Solving this problem will not be easy but addressing it is a necessary and vital first step. The Consumer Federation of America, one of our founding members, released a report on June 17th addressing systemic racism in America’s auto insurance markets. The Center for Economic Justice, which along with the Coalition serves as a consumer representative to the NAIC, issued a call the following day for America’s insurance regulators to address racial bias in all aspects of the insurance marketplace. This is especially important as insurers utilize new artificial intelligence and predictive modeling programs.

Anti-fraud leaders know our profession is on the cutting edge of such technologies and that when used correctly these are tremendous fraud-fighting tools. The Coalition will soon be releasing a new research study on AI done in cooperation with Coalition member Shift Technology.

If we are to uphold the high moral and ethical standards required for effective anti-fraud investigations, we must act quickly to make certain these programs do not inadvertently, or intentionally, include data matrix that include racial or other biases. The decisions we make now will impact, positively or negatively, the fight against insurance fraud for decades to come.

I hope you enjoy this second edition of the Coalition Quarterly. It contains a wealth of great information on the many exciting ways your Coalition is growing and working to improve.

In this issue you will find important information on new Coalition members, our continuing legislative and judicial efforts and the exciting roll-out of our entirely new website later this summer.

While we will have the coming months to express our thanks, you will also see the end of the year will mark the retirement after 20 years of our Sr. Communications Director, Jim Quiggle.

Jim has been one of, if not the, leading spokesperson in the media on fighting insurance fraud and done so with the utmost of professionalism and respect. We will miss Jim but know change always presents new opportunities. Stay tuned as we will soon be making a major announcement about the future for our communications program leadership.

Thank you for your continued support of the Coalition. We all wish you the best for this most-unusual summer, and to having you join us for our Dec. 15 first-ever virtual Annual Meeting. Look for more information and registration to open this Fall.

Sincerely,
The Coalition’s longtime communications chief Jim Quiggle is hanging up his cleats and retiring at the end of this year after 20 years of taking on swindlers. Jim has presided over a steady growth in the Coalition’s outreach efforts — for consumers and the anti-fraud community. We’re planning a smooth succession. More details later this summer.

**Quiggle Retirement Coming**

Operation Outreach: How are we doing?

How can we better support your anti-fraud work? We’re reaching out to members via Operation Outreach. We'll ask members what assistance we can provide, and seek your ideas for new Coalition member benefits. Former Executive Committee members Carmen Russo and Dominic Dugo are coordinating.

**New Website, New Experience**

Watch for a fresh look for www.InsuranceFraud.org — coming soon to a computer and device screen near you. It'll be a whole new anti-fraud experience. You'll find new features ... Easy navigation to the new legislative, updates, fraud trends and consumer videos. ... Punchy graphics. Plus interactive search maps for important statutes and regulations. Enjoy a seamless visit to all the fraud information you value and rely on. More updates coming shortly.
COALITION HIGHLIGHTS (CONT’D)

2020 the Year of the Webinar

Member meetings: Pivoting to virtual. Retooling meetings to microbe-safe video formats has required fast and creative pivoting to continue seamless anti-fraud operations. The Coalition has quickly moved to member video reports as well.

Midyear Report

How did state fraud bills keep passing despite pandemic shutdowns? Is telemedicine our next fraud pandemic? … Fraud trends come alive with the Coalition’s pre-recorded Midyear video report. Make the Coalition’s first-ever midyear video meeting your leadership window into the insurance-fraud world.

December Annual Meeting

Mark your calendar for a live interactive virtual meeting the morning of Dec.15. Fraud trends and new research will be revealed. Members also will elect Coalition officers, and hear updates on our 2020 achievements. More details coming in September.
WE ALWAYS SEE A HUGE SPIKE OF INSURANCE FRAUD FOLLOWING NATURAL DISASTERS. WITH COVID-19 IT'S THE PERFECT STORM. IT'S REALLY LIKE HAVING A GLOBAL EARTHQUAKE, WILDFIRE, HURRICANE ALL OVER ALL AT ONCE.
or less. This is precisely the kind of confusion and chaos that fraudsters will use to open the doors, come out of the shadows, and descend on consumers and the insurance industry with bogus teledoc claims.”

Defending seniors: partnering with AARP

Insurance scammers haunt vulnerable seniors every day. The Coalition is taking a stand to defend and empower seniors. We announced a partnership with AARP — the national voice of 38 million seniors. We signed an MOU this spring, and quickly went into action together.

- **Webinar.** The Coalition co-hosted a COVID-19 webinar with AARP, along with NICB and IASIU in the spring.

- **Twitter chat.** Summer storm season then approached. Shady contractors were preparing to defraud homeowners after damaging winds and floods. The Coalition teamed with AARP and NICB to offer consumers practical advice on a successful Twitter chat in early June.

Transnational rings take hold

“Transnational crime also is well-embedded in U.S. markets. Insurance fraud is a lucrative profit center. Schemes operate across all lines of insurance, in all U.S. states,” BAE’s Dennis Toomey writes in a JIFA trend analysis. “Complex criminal networks often bring together bad actors from multiple nations. Just as often, organized crime entrenched in a given nation exports its skillsets to the U.S.”

**COVID-19 Infographics featured.**
Federal and state legislators remain focused on COVID-19. This makes it harder than ever to advance anti-fraud bills. Yet when the going got tough, the Coalition and our partners got tougher. Here are a just several of our recent successes in protecting consumers:

- Louisiana extended funding for the insurance-fraud unit through 2024. The unit is housed within the Department of Public Safety and Corrections. We're proud of the progress of the state and insurers in working together on anti-fraud initiatives in recent years.

- Maryland now requires public adjusters to distribute insurance settlements to consumers within 15 days of receipt.

- Tennessee is protecting injured construction workers by making corporations and LLCs liable for workers-compensation penalties incurred by their corporate predecessors. Bad actors often escape liability by shutting down and reopening under new names and tax ID numbers. Tennessee's law is the first of its kind.

- A Rhode Island bill would require in-person inspections of auto damage claims of $5,000 or more. Another measure bolsters data and cybersecurity.

- Measures to protect state medical programs in Pennsylvania would create a whistleblower law, and require medical providers receiving state funds to register and create anti-fraud training programs.

**Deflating airbag scams**

Enacting state laws banning the manufacture, sale and installing of counterfeit airbags forms the thrust of our longstanding partnership with Honda North America. Motorists have been injured and killed in crashes without functioning airbags after body shops installed cheap knockoffs. Insurers also are charged full price for cheap knockoff bags that cost only a few dollars on the black market.

At least 19 states have passed airbag bills. We've worked on these measures so far in 2020:

- Indiana’s governor signed airbag protections into law, which took effect July 1.

- Enactment is expected in Hawaii in the coming weeks.

- Airbag-fraud provisions were added to an omnibus highway bill in New Hampshire, and should head to the governor’s desk soon.

- A bill in Delaware likely will run out of time this year, though a measure still has life in Michigan. Legislators will return to Lansing in September, giving our airbag bill a good chance to pass.

All told, this is a pretty good year despite the pandemic and upcoming elections occupying legislators’ attention. The Coalition will work to pass fraud bills throughout the election season.
Supporting the fraud fight by influencing precedent-setting cases around the U.S. is the mission of Coalition amicus curiae briefs. Our Legal Affairs Committee oversees the nationally known program. The two latest briefs:

Illinois. A whistleblower has standing to assert a claim whether or not the state or whistleblower has suffered a financial fraud loss, the Coalition contends in an amicus accepted by the Illinois Supreme Court. Oral arguments will take place in September. We expect a ruling in early 2021.

California. The state’s insurance-fraud law should apply to bogus claims by HMOs, ERISA plans and private health insurers, the Coalition contends in an amicus we’ll file in late 2020. We support the fraud law’s clear intent to combat health-insurance scams.

The Katten Firm has taken the lead in drafting both briefs with the Coalition. Feel free to submit new cases for consideration — both civil and criminal. Send the information to Matthew Smith.

Model whistleblower law coming. Promoting state whistleblower fraud laws to stop large insurance schemes — especially medical frauds — is a Coalition priority. Insurers have wielded those laws in Illinois and California in civil actions against scammers, recovering hundreds of millions of dollars.

A model whistleblower law is being drafted by a new Coalition subcommittee. We’ll share the draft with Coalition members for your review. You’re welcome to email chair Ross Silverman or call at 312-902-5240, with your input.
BY THE NUMBERS

Coalition Research

Benchmarking insurer anti-fraud units. Insurers can compare their fraud-fighting metrics with insurer peers using this study. Some 40 insurers took part. The Coalition will reveal new data-based SIU trends. We’ll also compare the new findings with our 2017 and 2015 benchmarking studies. The results will post later this month.

AI firmly on the rise. Advanced anti-fraud tech continues on the march. Insurers are planning to significantly increase their use of AI and big data, an upcoming Coalition study will reveal later this year. It’s being done jointly with Coalition member Shift Technology.

AROUND THE COALITION: FRAUD FIGHTING IN ACTION

Combating Racial Bias in Insurance

Structural racism makes auto coverage more-expensive for African American drivers than white drivers, warns the Consumer Federation of America — a Coalition founding member — in a recent report. Insurance regulators must address racism in the insurance marketplace, the Center for Economic Justice also urges in an open letter to an NAIC working group.

- Anti-fraud impact: AI is an effective fraud-fighting tool. Yet investigations must be conducted fairly and impartially — free of intentional and unintentional bias.
Still Growing Strong!

USAA is the newest insurer to join the Coalition's growing member ranks. USAA is the nation's 7th largest property-casualty insurer. Thus 9 of the nation's top 10 p-c insurers now are Coalition members. The only missing, Berkshire Hathaway, is however involved actively in the Coalition as the owner of GEICO. We're now 212 members strong.

Organizations across the spectrum have joined the Coalition this year. Two prominent new consumer members are United Policyholders, which advocates for policyholders across all lines of insurance, and the California Health Advocates, which focuses on Medicare advocacy and education.

Fraud Surge: Open for Business?

Investigations of suspicious claims are spiking even while claim volume decreases as more nations ease stay-at-home restrictions, Coalition member FRISS says in new research. “It’s an unfortunate signal that claims fraud is on the rise. We’ve seen this before in economic downturns and other times of hardship, and sadly we predicted this at the onset of the pandemic,” FRISS observes.
Message missiles flared out across New York in a TV and radio ad campaign warning consumers to avoid being taken by pandemic scams. The ads are the newest of annual statewide consumer campaigns by the New York Alliance Against Insurance Fraud.

Fighting COVID-19 Cons in New York

Each year’s themed ad campaign tells residents about insurance crimes — avoid committing scams and being defrauded by them. The total campaign effort sparked an eight-fold increase in web traffic. In related NYAAIF consumer initiatives:

- A consumer alert about fake deals for insurer-paid ventilators winged into consumer email inboxes statewide. NYAAIF targeted vulnerable consumers aged 18-24 and 25-54.

- A bright “Don’t Get Scammed” message popped up when consumers logged onto their Facebook and Instagram accounts.

- “Nobody is immune to being taken advantage of by insurance fraud. So if you think of what’s going on in the world of COVID-19, we’ve got our senior citizens sitting at home worried about being exposed to the virus,” Jim Potts, NYAAIF chair, said in an interview on WCBS TV.
The Coalition Quarterly is our newest way to keep you updated and informed about the work of your Coalition. We value your feedback and suggestions. We want to provide you the information you need, in the easiest format possible. Please send your comments and suggestions to:

matthew@insurancefraud.org.

Subscribe to other insurance fraud publications and information services today!