

## Down economy spurs spike in insurance fraud cases

By: Rob Moritz  
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The recent arrests of nine people in an alleged counterfeit insurance card ring is the latest wave in a rising tide of insurance fraud.

The head of the Arkansas Insurance Department's Criminal Investigation Division blames the worst economic downturn in decades for a surge in wide-ranging cases his agency has been asked to investigate.

Nationally, officials say insurance fraud costs the average household close to \$1,000 a year.

"We investigate all kinds of insurance fraud, any where from insurance agents pocketing premium money to staging car crashes to prepaid funeral home policies being pocketed," said Greg Sink, director of the Arkansas Insurance Department's criminal investigation division. "There are all kinds of ways to scam the system."

In the past five years, Sink's team of 12, including six investigators and three lawyers, has seen the number fraud cases it investigates skyrocket, from 356 cases in all of 2005 to 536 referrals during the first eight months of this year.

"It really has increased every year," Sink said. "Yes, I would say the economy has a lot to do with the increase."

According to the **Coalition Against Insurance Fraud**, the struggling national economy has caused many anxious consumers and businesses to turn to insurance fraud schemes to try and bail themselves out of financial distress.

Insurance fraud is the second most common crime in the U.S. behind burglary/theft, the coalition says.

"People are anxious, their finances are in trouble and regrettably they are turning to insurance fraud as a way to shore up their financial difficulties," said Jim Quiggle, communications director for the Washington, D.C.-based group.

A 2009 survey by the coalition of insurance fraud bureaus across the country found that the number of

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**Coalition Against  
Insurance Fraud**

cases referred and investigated rose in every category of fraud.

The largest average increases were in bogus health plans, prescription fraud and fraud of insurance agents.

In Arkansas, Sink said all forms of fraud are up but one that his division is seeing an increasingly high number of is counterfeit insurance cards.

Last month, nine people, two of them employees of the Arkansas Department of Human Services, were arrested on charges of producing, buying or selling counterfeit proof of motor vehicle insurance.

Officials allege the DHS employees used their work-related DHS computers to generate fake insurance cards. The cards were allegedly sold for \$50 each. The state employees were fired as a result of the investigation.

"We've seen a rash of these fraudulent insurance cards recently," Sink said. "People think that since they have a computer, they can create them and we're getting a lot of those cases now."