

## Staged collisions a 'catalyst' for larger insurance fraud

By: Amber Hildebrandt, CBC News

Car crash scams are becoming increasingly sophisticated, investigators say, with the latest wrinkle involving organized groups gaining access to medical clinics to cash in on lucrative payouts for phoney insurance treatments.

"We've seen a definite increase in identity theft within the medical clinics with regard to claiming accident benefits," said Rick Dubin, vice-president of the Insurance Bureau of Canada's investigative services.

Dubin leads a group of 50 investigators who focus on probing organized auto-insurance crime for private insurers across the country. At any time, they are working on dozens of alleged staged collisions.

Oftentimes, the phoney crash is just the "catalyst" for a larger scam that gets the so-called victims into the doors of compromised rehab centres and medical clinics.

"This is where the real money is," said Dubin. "And this is where it's had a very serious impact in terms of the payouts by insurers, which again is passed on to the innocent customer."

In some cases, he says, owners or employees of medical clinics or rehab facilities are becoming involved in these fraud rings.

They forge the signatures of real doctors or chiropractors, without their knowledge, to cash in on the resulting treatments for the faked whiplash and soft-tissue claims that result from the staged collisions.

Ontario experiences the largest number of what are called induced crashes, particularly in the Greater Toronto Area, which Dubin calls the "staged collision capital of Canada."

The insurance bureau says British Columbia also experiences a number of these fraudulent crashes, though not nearly as many.

Manitoba's public auto insurer says it's a known problem there as well, but not one they track.

"It's very difficult for us to put a number on it. Is there a hundred a year, is there 200 a year? We don't know," said media relations coordinator Brian Smiley of Manitoba Public Insurance.

"We do know they exist because we have had occasion where people have been charged and convicted."

Little data on fake crashes

Last month, one of Britain's biggest auto insurers, Aviva, revealed that the number of "induced accidents" rose by 51 per cent in 2013 and called for harsher penalties on perpetrators.

*"If you play it right, you can make a lot of money quickly, stealing from Medicare," said James Quiggle, of the nonprofit Coalition Against Insurance Fraud,*



**Coalition Against Insurance Fraud**

However, here in Canada, none of the top private auto insurers were willing or able to provide figures on staged crashes.

Another recent auto-insurance fraud operation in York Region involved those working in the medical and legal professions. That case involves suspected identity theft at rehab centres across the greater Toronto area, says Dubin.

In the U.S., staged accident rings cost insurers billions of dollars for phantom injuries, according to the Coalition Against Insurance Fraud.

Two years ago, the FBI arrested 36 people in New York – including 10 doctors and three lawyers — for their alleged involvement in a \$279-million auto insurance fraud, believed to be the largest ever of its kind for the state.

The U.S. Attorney Preet Bharara called it a "colossal criminal trifecta" with tentacles reaching into the medical, legal and insurance systems.

The alleged ring even operated its own chain of medical clinics and had ambulance chasers convincing real car-crash victims to seek unnecessary care at corrupt clinics in exchange for kickbacks.

Dubin says his investigative unit believes certain individuals involved in that New York state ring have entered Ontario and are now involved in Toronto-area clinics.