

## Seven Post-Storm Scams to Avoid

By: Mark Williams, The Columbus Patch

The reason isn't clear, but insurance fraud is on the rise in Ohio, costing consumers, businesses and government dearly at a time when the economy is struggling to gain steam and cash is hard to come by.

The Ohio Department of Insurance reported last month that it received a record 7,274 allegations of fraud or agent misconduct in 2012, up 13.5 percent from 2011.

"Insurance fraud is a drain on our economy, hurts our competitive insurance market, and forces Ohio families to pay higher premiums," said Lt. Gov. Mary Taylor, who also serves as the department's director.

How much fraud actually costs consumers — through higher premiums and in other ways — is tough to say.

Insurance groups peg the total at \$80 billion a year nationally. Of that, about \$50 billion is tied to health care; most of the rest is in the property-and-casualty area.

But industry officials say more research on the costs is needed.

"It's very difficult to actually assess," said Frank Scafidi, spokesman for the National Insurance Crime Bureau, which recently reported that the number of questionable claims received from Ohio has risen 36 percent since 2009. Questionable claims are those that insurers have referred to the bureau for closer review.

James Quiggle, spokesman for the **Coalition Against Insurance Fraud**, said estimates of fraud probably are too low and that more research would help authorities better deploy resources to fight fraud.

"Insurance fraud is viral," Quiggle said. "It spreads through all levels of American society. It spawns serious and hardened criminals. It spawns thieves of otherwise-honest consumers."

There also are costs beyond dollars and cents. Firefighters are at risk when battling a fire caused by arson, and people can be killed in staged auto accidents, he said.

Meanwhile, the attitude of many people toward insurance fraud is that of indifference, he said.

"Rob a bank, and there is a huge police investigation," he said. "Rob an insurance company, and the neighbors tend to yawn."

Pegging the reasons for the increase also is difficult.

A weak economy might be partly responsible, prompting consumers buried in debt to seek relief through illegal means.

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"They're willing to defraud their insurance companies because they know they can, and they don't think committing a felony is a serious issue," Quiggle said.

Scafidi challenges the notion that there is an association between more fraud and a poor economy, saying no data connect the two.

The only time that Scafidi has seen a connection with the economy was when auto owners started to report more vehicle thefts as gasoline prices skyrocketed in 2008.

"Insurance fraud happens in good times and bad," he said.

But it's not just consumers who are involved in fraud. Health-care providers, contractors, businesses, attorneys, insurance agents and even organized crime have gotten into the act.

Some companies hide workers in shell companies or call them independent contractors to avoid paying workers'-compensation premiums, Quiggle said. After a bad storm, some contractors exaggerate damage to homes to bolster claims.

On the health-care side, Quiggle said providers jack up or make up claims.

Organized crime has become more of a factor, particularly in the government-run Medicare and Medicaid programs, Quiggle said. Mobsters have stolen the identities of doctors and patients and have developed expertise with medical-coding systems to file fake insurance claims, he said.