

## Insurance Fraud Rises As State Bureau's Budgets Fall

State insurance fraud fighting bureaus are seeing a significant spike in fraud cases while trying to manage with lower budgets and staffing in the downturned economy of 2009, according to a survey by the Coalition Against Insurance Fraud.

Cases increased in all 15 types of fraud schemes, these state agencies say.

"The troubled economic climate confronts many fraud bureaus with the severest challenge they've faced in years. But a positive outcome could be greater efficiency in combating schemes as fraud bureaus find better ways to fight crime with the resources they do have," says Dennis Jay, the coalition's executive director.

Agent schemes form by far the largest increases. Seven of 10 fraud bureaus report a spike in agent cases. Nearly 40 percent of fraud bureaus say their producer caseload was much higher, reveals the survey of 37 fraud bureau directors conducted in October 2009.

Anxious drivers continued ditching unwanted vehicles for insurance payouts in one of the defining fraud trends of the troubled economy. Seven of 10 fraud bureaus report more vehicle giveup cases, the coalition's survey shows.

More homeowners literally are burning with desire for insurance bailouts as well. Nearly two thirds of fraud bureaus report increased home arson cases. This trend appears to involve regional or local hotspots instead of an evenly spread national problem, the coalition's survey notes.

Shakedowns of businesses also appear to be spreading, with 60 percent of fraud bureaus seeing spikes in suspected bogus liability claims. "Reports of increases in slip-and-fall claims from insurers and self-insurers—especially grocers, department stores and restaurants—began surfacing in early 2009 and seem to have continued," the coalition's survey says.

Bogus health plans are spreading rapidly around the U.S. as well, exploiting the large market of uninsured Americans. Most fraud bureaus report a

spike in fake health plans, with nearly 40 percent saying their caseload was much higher.

Prescription drug abusers also are on the loose. More than 60 percent of fraud bureaus report more cases involving diversion of painkillers and other addictive prescription drugs such as painkillers.

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Drug diversion has spread with alarming speed around the U.S. in recent years, with insurers paying billions of dollars for illicit prescriptions.

Many fraud bureaus are being forced to manage this spreading crime trend with smaller budgets and staff, the coalition's survey reveals.

Some 63 percent of fraud bureaus report lower budgets for 2009. "This is somewhat surprising, given that a majority of the fraud bureaus were created with dedicated funding, specifically assessments on insurers," the survey notes.

Nearly a quarter of the fraud bureaus also lost staff positions this year, and a third of these agencies were forced to leave vacant positions