

The High Cost of Insurance Fraud in America

By: Melissa Thompson

It happens every month. You go to pay your insurance premiums and ask yourself why you pay so much for insurance. There is home, auto, life, medical, dental, vision, long-term care, disability, and the list goes on! Those premiums can be a huge chunk out of your monthly income. If you clench your teeth every time you write those bills, you can thank, in part, all those white-collar crime cases involving insurance fraud, which cost the US \$40 billion dollars per year, for non-medical insurance fraud, according to the FBI, and about \$80 billion per year across all lines. The FBI estimates that non-medical insurance fraud hits the average US family for an increase of \$400 to \$700 per year. If that is correct, then all insurance fraud may be costing us between \$800 and \$1400 per year in increases. When so many families are living on the edge of their incomes, already trying to keep up, insurance premium hikes can really hurt, especially when they are because of thieves.

White collar crimes have a disturbing feeling about them because they usually involve people we have worked with or interacted with professionally, who seemed like upstanding individuals in the community. Could the next insurance fraud or other white collar crime case that hits the news be your doctor, your lawyer, or your kid's school teacher? Recently the Bandy brothers, of New Jersey, were convicted of running an insurance fraud ring with multiple professionals, including at least thirteen others including three chiropractors, a lawyer, a doctor, an acupuncturist, and a paralegal. These people we know and work with are stealing from us, while we break our backs to earn a living, they take the easy way out and step on us on their way out the door.

Eventually fate catches up with many insurance fraud perpetrators, like in the case of Dennis Rodman's Ex, who was recently convicted of four counts of felony insurance fraud and may be heading to prison for 7 years. Unlike some white collar crimes, such as embezzlement, which many times involve employees who fall into desperate times, insurance fraud often involves people who already make plenty of money compared to the rest of us, such as doctors, lawyers, etc. Greed then, is the driving force in these cases, rather than desperation.

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**Coalition Against
Insurance Fraud**

Thankfully there are organizations like the [Coalition Against Insurance Fraud](#), leading efforts to combat insurance fraud in America. Among other things, the coalition offers statistics, scam alerts, publishes studies, holds events, and has a comprehensive Public Awareness Manual, which encourages citizens to "get a grip on fraud." Although individuals can get involved and help the problem, especially by reporting any related situations they may encounter, much of the burden rests with organizations to combat this growing problem. For example, insurance carriers need to keep fraud a high priority and build fraud detection into their underwriting processes so that fraud can be detected before a claim has been filed. This is a long-term, hard-to-beat issue, so for now, that premium paying eye twitch will continue as our costs continue to rise due to the impact of insurance fraud not to mention all the other factors inflating the cost of insurance.

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