

'Nebraska's not immune': Insurance thieves set the stage for fraud

By: Steve Jordan, World Herald staff writer

Car not running right? Trash it and collect insurance for the damage.

Have an accident but no collision insurance? Buy coverage today and report the accident tomorrow.

Want cash instead of a car? Drive it into an irrigation ditch and report it stolen.

Why not?

One reason is that you can get caught, go to jail, pay a fine and restitution and end up with a criminal record.

Despite the risk of prosecution, each of these crimes, and more, happened in Nebraska last year.

Courts in Nebraska convicted 34 people of insurance fraud last year, said Bruce Ramge, director of the Nebraska Department of Insurance. The department sent 111 cases to prosecutors for legal action, with many of those cases still pending.

That makes 2015 a typical year for catching insurance thieves, said Charles Starr, chief of the department's fraud division, a state law enforcement agency with power to investigate and arrest wrongdoers.

"In Nebraska we have seen every type of fraud," Starr said. "Nebraska's not immune."

The Iowa Insurance Division's fraud bureau received more than 700 reports of potential insurance or securities fraud last year, including 50 or 60 instances of alleged violations by licensed agents. After investigating, more than 20 cases resulted in criminal charges.

People may think that such losses are easy for big insurance companies to pay, Starr said, but fraud costs are passed along to consumers through higher insurance premiums.

"It's not an insurance company losing money," Starr said. "It's the consumer. We're paying it through our premiums, and when you look at some of these billions of dollars in losses nationwide, those dollars are coming out of your pocket and mine."

The National Insurance Crime Bureau estimated that between 5 percent and 10 percent of all insurance claims are fraudulent, making insurance fraud the second-most-common crime after tax evasion.

Besides higher insurance premiums, fraud losses also add to consumer prices for other

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goods, since manufacturers and employers have to pay higher insurance costs as well, the bureau said.

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The fraud cases in Nebraska last year represented \$17.5 million in actual or potential losses, a figure inflated by \$14.4 million in fraudulent Medicare billings by Lincoln pharmacist Scott Tran.

He was sentenced to nine years and two months in prison and ordered to pay back the money, although he has said he lost most of it at casinos in Council Bluffs.

The fraud division investigates complaints from consumers, insurance companies, police and others, including the National Insurance Crime Bureau and the National Association of Insurance Commissioners. Some frauds are stopped before insurance companies pay out on the false claims.