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Building A Better Mouse Trap

Nabbing Fraudsters With Multi-Agency Approach

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In the recent high-profile busts in New York and Florida—two states known for the most significant and costly proliferation of PIP fraud in the country—investigators successfully dismantled organized rings that siphoned close to $300 million (combined) from insurers.

Thirty-six people were indicted in the New York sting, which has been called the most extensive of its kind to date, while more than a dozen suspects, including a physician, were apprehended in the Florida bust.

Intricate schemes involving bogus clinics, staged accidents and a tangled web of cohorts have been surfacing with increasing frequency, illustrating the deep-reaching tentacles of crime rings that steal from P&C insurers with ruthless efficiency. But success stories of this magnitude also show that with the careful cooperation of insurers and various local, state, and federal agencies, P&C insurers can quell current fraud while deterring future scammers.

"Insurance fraud is a continuous game of cat and mouse," explains Jim Quiggle, director of communications, the **Coalition Against Insurance Fraud** (CAIF). "Investigators build a mouse trap, but then swindlers build a better mouse. The industry's best defense is amassing field intelligence and analysis and then throwing that up against a ring."

P&C insurers themselves play an essential role in any investigation of a large crime ring involving PIP fraud or other crimes. Investigators can tap into the treasure trove of claims information provided by the insurers that are being bilked to identify key players, methods, and participants.

Law enforcement may then employ undercover agents to ultimately penetrate rings, as was the case with both busts. To immobilize "Operation Whiplash," for instance, suspicions about clinics' odd traffic patterns gave way to a full-blown sting operation involving undercover agents posing as willing participants to stage auto accidents and then later file claims for injury and subsequent treatment.

Predictive analytics also plays a huge role in breaking down complex patterns of suspicious behavior. Insurers can determine if the same names, social security numbers, and clinics keep cropping up. Are multiple claims originating from the same neighborhood? Does a particular clinic log a staggering number of claims compared to the norm?

"People love to brag about their scams and don't know what they are up against—namely a sophisticated analytical force scouring the Internet for every possible clue for behavior," says James Quiggle, director of communications.

Coalition Against Insurance Fraud

A Culture of Fraud Prevention

While detection and investigation have become far more scientific, the technology and methods are only as effective as the staff utilizing them. Staff must be apprised of proper data mining techniques, and the insurer must be willing to cultivate a system-wide awareness of fraud at all levels of the company and programs for identifying and disseminating clues to the SIU.

"Going after fraud simply doesn't fall on shoulders of SIU alone," Quiggle explains. "There must be a companywide commitment and training throughout all layers of the corporation. Information that may contain clues is coming from all directions, so adjusters, underwriters, and even customer service reps must all be trained in fraud detection and uniform protocols to share that data appropriately."

Mining social media for clues is now an essential investigative tool for insurers, as well. "People love to brag about their scams and don't know what they are up against—namely a sophisticated analytical force scouring the Internet for every possible clue for behavior," Quiggle says.

Quiggle relayed one example where an insurance company investigator came across a bicycle club to which a claimant belonged. The avid cyclist bragged about a recent 50-mile ride, all while claiming to have been "flat on his back"

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