

More courts need to hear from insurers about how fraud affects them

The fraud-fighting community does a good job of reaching out to consumers and others, but sorely lacks in educating the judiciary.

By: Dennis Jay

Lawyer Joseph Haddad stood in a Connecticut courtroom yesterday and pleaded guilty to masterminding an auto fraud ring that swindled millions from insurers.

Before the judge announced Haddad's sentence, the court heard how crimes like his negatively affect insurers and society.

John Sargent, investigations director for MetLife, read an impactful statement in court that detailed how automobile fraud schemes raise rates, disrupt the lives of innocent crash victims, compromise medical records and cost insurers a ton of money.

The statement helped educate the judge, other court officials, reporters in attendance and even the convicted fraudster about how fraud is detrimental to society and erodes trust.

The fraud-fighting community does a good job of reaching out to consumers, legislators, the news media and others, but sorely lacks in educating the judiciary. Many states have enacted "victims' rights" laws that allow victims — including insurers — to make a statement in court either during a trial or at sentencing, but few insurers take advantage of this opportunity.

We don't know if John's statement influenced the sentence in this case (51 months in prison, \$1.7 million in restitution), but hopefully this information will be recalled the next time a fraud mastermind comes before the court.

As John concluded in his statement: "With all the resources the insurance industry and law enforcement dedicate to combating fraud, we will never be able detect, investigate and prosecute all of the schemes like this one. We must rely on deterrence to encourage professionals not to cross the line into committing fraud. We must rely on the criminal justice system to administer swift and sure punishment that will send a clear message to others that society will not tolerate such unethical and criminal behavior — and if they do cross that line, they will pay the price."

The Coalition has posted facts, figures and a sample statement on a webpage for anyone wishing to make such a statement in court.

According to Dennis Jay, Executive Director of the Coalition Against Insurance Fraud, "Application fraud traditionally has been the poor cousin of claims fraud, receiving little attention and not being fully understood."



**Coalition Against
Insurance Fraud**