

Capturing insurance's most wanted fraudsters

Fraud of the Month

States are finding new ways to identify and track insurance swindlers

By: Hannah Smith

The Coalition Against Insurance Fraud estimates that insurance fraudsters steal at least \$80 billion worth of insurance payouts every year. Surprisingly, insurance fraud is still often viewed as a victimless offense. In actuality, insurance fraud does not just affect insurance companies, but also costs the average household between \$400 and \$700 in increased insurance premiums annually, not including health insurance fraud.

The true cost of fraud is difficult to nail down because claims could be inflated, staged or even completely fabricated. In order to mitigate these damages, state insurance commissioners launch investigations into alleged fraudsters and eventually file charges and seek their arrests. It can often take months, if not years, for law enforcement to track down alleged insurance fraudsters who fail to appear in court.

States are working with carriers to try to combat fraud, and some states have developed statutes making fraud a felony in certain jurisdictions. Several states have fraud departments, and encourage carriers to support state fraud actions and use standardized forms. Some states have statutorily mandated reporting requirements for insurance companies who detect fraud.

Insurance carriers often have Special Investigations Units (SIU). When an investigation of a potentially fraudulent claim is merited, the members of the SIU are expected to investigate the case thoroughly to determine if they can prove insurance fraud occurred. Another step a few state insurance offices have taken to mitigate the cost of insurance fraud is the creation and maintenance of an insurance fraud Most Wanted list.

Fraudsters wanted

Insurance fraud most wanted lists are generally online lists featuring the names and pictures of alleged fraudsters. Those individuals appearing on a list are included for failing to appear in court to answer charges of criminal insurance fraud and theft. These lists have become more valuable as use of the internet increases.

The lists popularize the faces of fraud and generate tips from the public on the possible locations of fraudsters. Since the lists are on the internet, even if a person on the list has fled to another state, he or she may still be caught because of the increased online exposure. These

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lists also help to educate the public on the amount of insurance fraud occurring, the potential cost to individuals, and specific actions the public can take to help authorities catch fraudsters.

Those on the most wanted lists have committed a wide range of insurance fraud such as stolen car fraud, where a fraudster either sells a car for parts and reports it missing, or sells the car overseas and reports it stolen. Auto accident fraud may involve legitimate accidents where claims are inflated, or an accident caused by fraudsters who plan to claim property damage and bodily injury on an unsuspecting victim's insurance policy.

Property insurance fraud occurs when individuals destroy their own property or make a false report of theft involving personal items or vehicles to obtain payouts from their insurance companies. Insurers often pay more in personal property claims than the property would be worth at resale.

Sometimes, personal property claims are inflated to claim lesser quality or value items than were actually owned by the insureds. The most serious property insurance fraud schemes involve arson because there is a greater risk of injury or death, and insurance covers not only the burned