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Bag It, Tag It
Fraud Investigation and Detection in the Claim Handling Process

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Fraud Investigation and Detection in the Claim Handling Process

Fraud and insurance claims are synonymous. Early investigation through SIU, recorded statements, ISO searches, underwriting details, independent medical examinations, medical record reviews and agency files are all tools for the claims professional and panel counsel in the endless pursuit of the facts. Expenses related to fraudulent claims—from presentment to ultimate coverage determination—can be contained through an efficient investigation protocol. The goal is to make the right coverage decision every time and use resources such as state insurance fraud bureaus to combat fictitious or exaggerated claims.

Top 10 Insurance Fraud Statistics

- Insurance fraud costs American consumers approximately \$80 billion per year
- Medicare fraud costs Americans and estimated \$60 billion per year
- In 2020, there was \$3.2 billion of health fraud insurance claims
- Improper Medicaid payments totaled \$98 billion in 2021
- In 2020, an estimated 8,898 cars were intentionally set on fire in the US
- Car insurance scams damage companies to the tune of \$29 billion per year
- 68% of Americans aren't widely aware of common car insurance scams
- 20% of Americans surveyed admitted to lying to their car insurance provider
- Millennials are 77% more likely to fall for insurance scams via emails
- Oregon is the only US state without insurance fraud laws

Insurance Fraud Schemes

- **Hard Fraud:** Occurs when a criminal deliberately brings about the destruction of property for the purpose of collecting on the insurance policy
- **Soft Fraud:** Occurs when a policyholder exaggerates an otherwise legitimate claim or when an individual applies for an insurance policy and lies about certain conditions or circumstances to lower the policy premium

Claim Handling Toolbox

- Initial claim assessment, coverage determination and review of materials associated with notice of claim
- ISO Claim History
- Assignment of independent adjuster to conduct recorded statements, canvas of witnesses and review of claim details
- Background checks
- Surveillance
- Social media search
- Underwriting file review to investigate insurance application details
- Review of insurance agency files
- SIU referral
- Examinations under oath
- Medical record reviews
- Independent medical examinations
- Enhanced investigation into “soft fraud” versus “hard fraud”
- Cost-containment to avoid unnecessary litigation and open-ended reserves

State and Federal Efforts to Investigate and Prosecute Insurance Fraud

- 48 states make insurance fraud a specific crime. 30 states make insurer fraud a specific insurance crime. Oregon is the only state without an insurance fraud law of any kind.
- 42 states and the District of Columbia have an insurance fraud bureau. Most deal with all lines of insurance.
- 43 states and the District of Columbia require insurers to report suspected fraud to the state fraud bureau or other agency
- 22 states have enacted laws making counterfeit airbags a specific crime

12 Days of Fraud

DAY 1 - The 1st Day of Fraud shines like a star, with thieves taking advantage and stealing a car. Lock it up tight and stow your stuff, one stolen vehicle is more than enough!

DAY 2 - The 2nd Day of Fraud reminds us storms are a factor, especially when they feature a dishonest contractor. Beware of those offering unwanted help, padding rebuilding costs makes everyone yelp. Remember this rule when you're on the go, if you didn't ask for it, then you should say NO!

DAY 3 - The 3rd Day of Fraud we're on the worksite. Your colleague is crying, it's quite the sight. She thought it'd be easy money, but her facts were quite odd, it turned out to be workers' comp fraud!

DAY 4 - The 4th Day of Fraud featured scammers by phone, who demand quick payment or a big loan. They call you pretending to be someone they're not, hoping you pay quickly, so they don't get caught!

DAY 5 - The 5th Day of Fraud reminds us to protect personal information, you know ID theft is a scary situation! This tip is especially vital to know, otherwise scammers can steal like a pro!

DAY 6 - The 6th Day of Fraud and stuff fell off a truck. Though it seems like good fortune, it's really bad luck. Cargo theft costs billions of dollars each year, and the impacts to businesses are quite severe!

DAY 7 - The 7th Day of Fraud and a storm rumbles through. The roofer nearby says he knows what to do. You need a new roof, and he'll do it for free. He'll work it all out with your insurance company. The truth is your roof is actually just fine, so this offer to help you should simply decline!

DAY 8 - The 8th Day of Fraud features a staged vehicle crash. This is known as "slamming," and looks for fast cash. First these slammers, they crash into you, the reason they do this is so they can sue!

DAY 9 - The 9th Day of Fraud features a doc providing meds you don't need, many families and loved ones are hurt by this greed. This is a fraud that needs to be undone, since it raises the prices for everyone!

DAY 10 - The 10th Day of Fraud stars a towing company you see. They offer to help but then charge a huge fee. You can't see their rates because they don't want you to know, how much they charge when it comes to a tow!

DAY 11 - The 11th Day of Fraud features auto glass that may not be broken, and features scammers with whom you may have spoken. They offer to fix your windshield for free, even though you don't need it, anyone can see. Their clever scam doesn't just hurt you, it raises insurance prices, affecting others, too!

DAY 12 - The 12th Day of Fraud has the best tip of all, if you see something fraudulent, then you should call. To report fraud of all types, even the kind we can't see, just make the call to 800-TEL-NICB!

See ['12 Days of Fraud' Campaign Raises Awareness of Insurance Scams During Holiday Season | National Insurance Crime Bureau \(nicb.org\)](#)



Pop-Up Question

- **What country does Egg Nog come from?**
 - A: Finland
 - B: Jamaica
 - C: England
 - D: Turkey



THANK YOU! If you have any questions, please contact one of the presenters



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