

It Might Be Fraud...if

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Fraud is on the rise. Well, in truth, it's always on the rise. Especially now when the country is facing tougher economic times coupled with the fact that many of us do not see the harm in a little insurance Fraud.

Culturally, larceny is tolerated in our insurance system, which is not surprising when you see what our friends at the Insurance Information Institute found in some of their polling.

- 60% polled said they would commit insurance Fraud if risk was low and reward was great enough
- 10% would commit insurance Fraud if they simply knew they could get away with it
- 25% said it is okay to defraud an insurer
- 2 out of 5 people said they were not very likely to report someone who ripped off an insurer

This poll is clearly a wake up call to the Work Comp community, that we still have a great deal of work to do in terms of how we approach and combat Fraud.

But as Fraud threatens to grow in strength like the Incredible Hulk on a bad day, we need to be more aggressive with our Fraud education, information sharing and working together to make a bigger impact against a rising menace.

How do you know it's Fraud?

The first line of defense is the adjuster and employer. That's why it is crucial that both have a strong understanding of Fraud and how to identify it. Communicate your suspicions, discuss a course of action together and don't be afraid to call an investigator for advice on how to proceed.

Now that we have awareness that Fraud is probable, let's start with identifying possible offenders through motive; which fits into three categories: financial, personal, revenge/spite. Your Fraud alert radar should be flashing ruby red, if you encounter some of these scenarios.

Financial

- No medical coverage
- Financial problems, foreclosure, credit debt, gambling
- WC comp benefits equals or approximates to regular income
- Alternate source of income – side jobs – home healthcare, child care service, waitressing, volunteering (i.e. coaching helping in after school activities)
- Received or applied for SDI – double dipping
- The Claimant believes he/she is entitled to large settlement as the result of a third party case being processed concurrently

Personal

- Needs time off to tend to ill family member
- Used up all available time off, PTO, vacation, sick-time
- Attending school
- Needs time off to start their business
- Age – nearing retirement.

- Negative home situation – Abusive spouse, alcoholic spouse/domestic problems
- Spouse also disabled
- Recent family crisis
- Pronounce mood or behavior changes
- Pre-existing injury

Revenge/Spite

- Disgruntled or unhappy employee. (That's obvious, Some people just don't think they have to work, and when required to, lash out.
- Recent or several disciplinary actions at work
- Unfavorable review
- Poor attendance record
- Recent hire
- Unwitnessed injury
- Waited a long time to report injury

Remember, that if you do find some of these circumstances in your files, this is not a conviction of Fraud, but a starting place for a deeper investigation to rule it out.

If you have any questions about Sub Rosa, AOE/COE, Fraud or Investigation, email me. at [**david@2mypi.com**](mailto:david@2mypi.com)