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Annual Report of Insurance Fraud and Abuse for 2013

Maine Bureau of Insurance

Maine Department of Professional and Financial Regulation

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Prepared by the Maine Bureau of Insurance
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With regard to tables in this report, the number of claims may not equal the number of cases of fraudulent activity, because one case may involve more than one fraudulent claim.

The total number of suspected fraudulent claims increased from 1,282 in 2012 to 1,440 in 2013. This increase was due to Health, Life, and Other Lines claims that were at least double the amount of claims in 2012. The Automobile, Property, Workers' Compensation, General Liability, and Inland Marine insurance categories all reflect a decrease in the reported number of claims.

Number of Suspected Fraudulent Claims Reported by Line and Type of Insurance

Table 1 shows the number of suspected fraudulent claims reported by line of insurance for the most recent six-year period.

Table 1: Number of Suspected Fraudulent Claims Reported by Line of Insurance

	2013	2012	2011	2010	2009	2008
Health	484	229	251	361	141	195
Automobile	326	333	468	505	708	674
Workers' Compensation	271	366	303	263	211	276
Property	216	228	360	255	485	303
General Liability	65	67	56	56	54	66
Life	18	9	13	25	27	27
Inland Marine	6	25	7	6	8	8
Other Lines	54	25	45	222	106	78
Total	**1,440**	**1,282**	**1,503**	**1,693**	**1,740**	**1,627**

Table 2 shows the number of suspected fraudulent claims by type of insurance. Personal Lines include personal auto or homeowners insurance. Commercial Lines include commercial general liability, workers' compensation, and mortgage insurance.

Table 2: Number of Suspected Fraudulent Claims Reported by Type of Insurance

	2013	2012	2011	2010	2009	2008
Personal Lines	550	540	800	900	819	939
Commercial Lines	894	743	684	773	501	656

Number of Suspected Fraudulent Insurance Acts by Claimant Type

Tables 3 through 6 display the types of suspected fraudulent insurance acts, broken down by who committed the suspected fraud (i.e., claimant, legal provider, medical provider, or other).

Table 3 illustrates the number of reported cases in which a claimant may have committed a fraudulent insurance act. In 2013, the number of reported cases was lower than in 2012 in all but two categories. The reported data reflects an increase of nearly 7 percent in the number of Faked/Exaggerated Injury claims and an increase of 11 percent in the number of claims in the Other category. The Other category was used for cases involving a variety of acts such as Suspicious Fires, False or Exaggerated Reports, and Theft.

Table 3: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Claimant May Have:

	2013	2012	2011	2010	2009	2008
Faked/Exaggerated Injury	392	367	444	401	355	521
Faked Property Damage	196	231	322	228	286	212
Inflated Financial Loss	92	142	86	67	112	127
Staged Accident/Injury	65	82	66	55	55	130
Been Known to File Suspect Claims—Including Faking, Exaggerating, or Extending Total or Partial Disability	20	69	24	32	102	237
Other	140	126	130	237	266	232

Table 4 shows there were no reported cases of suspected fraudulent insurance acts committed by legal providers in 2013. This total has not changed since 2010. The number of reported cases involving legal providers has been minimal throughout the tabulated period.

Table 4: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Legal Provider May Have:

	2013	2012	2011	2010	2009	2008
Hired or Paid Cappers/Chasers to Recruit Clients	0	0	0	0	0	3
Charged Fees Inconsistent with Services Provided	0	0	0	0	1	0
Other	0	0	0	0	0	0

Table 5 shows the number of cases in which a medical provider submitted suspected fraudulent claims. There was a slight increase from 2012 to 2013 in the number of reported cases involving suspected fraudulent insurance acts in the Other line (which includes acts such as Performing Unnecessary Procedures, Excessive Charging and Misrepresentation of Identity); a decrease in four categories (Upcoded or Billed for Excessive Treatments, Unbundled Services, Provided an Inaccurate/Incomplete History, and Fabricated Services); and no change in the remaining four categories (Billed for Services Not Provided, Operated Without a License, Received Compensation for Referral to Medical or Legal Providers, Hired or Paid Cappers/Chasers to Recruit Clients).

Table 5: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Medical Provider May Have:

	2013	2012	2011	2010	2009	2008
Billed for Services Not Provided	22	22	19	9	6	6
Upcoded or Billed for Excessive Treatments	16	31	17	5	6	8
Unbundled Services	5	6	16	0	7	1
Provided an Inaccurate/Incomplete History	0	6	0	0	6	20
Fabricated Services	2	6	2	0	5	3
Operated Without a License	0	0	0	0	5	1
Received Compensation for Referral to Medical or Legal Providers	0	0	0	0	0	0
Hired or Paid Cappers/Chasers to Recruit Clients	0	0	0	0	0	0
Other	12	8	25	3	6	6

Table 6 shows the number of reported cases in which a person or entity (other than a claimant, medical provider, or legal provider) may have been involved in different types of suspected fraudulent insurance acts. The reported claims have risen in three of four categories as well as among cases in the Other line from 2012 to 2013.

Table 6: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which an Other Person or Entity May Have:

	2013	2012	2011	2010	2009	2008
Provided an Inaccurate/Incomplete History, or Submitted False or Inaccurate Information to Obtain an Insurance Policy or to Reduce an Insurance Premium	41	19	25	47	25	15
Charged Inconsistent with Services Provided	2	0	1	2	1	2
Fabricated Services	4	1	1	2	0	2
Received/Paid Compensation for Referral	0	0	0	0	1	0
Other	6	5	5	184	367	14

Note: In 2011, there was a significant decrease in the number of reported cases in the Other line. The reduction was due to one large company breaking out its data for the first time, into specific categories (in Tables 3 through 6).

Number of Suspected Fraudulent Cases Reported/Referred to Law Enforcement & Others

Table 7 shows the total number of cases of suspected fraudulent insurance acts reported or referred to law enforcement or other agencies, which increased by 4 percent from 2012 to 2013. This is attributed to increases in the number of cases reported to the National Insurance Crime Bureau, the Workers' Compensation Board Fraud & Abuse Unit, the District Attorney's Offices and to Other entities, including U.S. Postal Authorities.

Table 7: Number of Cases of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies

	2013	2012	2011	2010	2009	2008
National Insurance Crime Bureau	156	143	170	161	226	254
Other Law Enforcement	17	68	58	24	78	34
Workers' Compensation Board Fraud & Abuse Unit	25	11	15	15	11	23
District Attorney's Offices	25	1	11	19	5	4
U.S. Attorney's Office	0	2	8	4	2	15
Other, Including U.S. Postal Authorities	28	26	11	11	10	10
Totals	**251**	**241**	**273**	**234**	**332**	**340**

Note: Not all cases of suspected insurance fraud are referred to a law enforcement agency.

Amount of Money NOT Paid On Cases of Suspected Fraudulent Insurance Acts

Table 8 shows the amount of money that was not paid on cases of suspected fraudulent insurance acts. This represents money that may have been paid had the suspected fraud not been detected. The amount of money not paid on suspected insurance fraudulent acts increased by nearly $1.3 million from 2012 to 2013.

Table 8: Amount of Money NOT Paid on Cases of Suspected Fraudulent Insurance Acts

2013	2012	2011	2010	2009	2008
$8,563,088	$7,304,490	$8,022,902	$7,800,461	$6,352,899	$9,731,510