

Identifying the Red Flags of Fraud





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Identifying the Red Flags of Fraud

- What is Insurance Fraud?
- Cost of Fraud and Abuse
- Red Flags of Fraud
- Tools to Fight Fraud
- Anti-Fraud, State Compliance & SIU

What is Insurance Fraud...?

“The deliberate deception perpetrated against an insurance company for the purpose of financial gain.”

Do people really commit insurance fraud?

Current Trends

THE ANNUAL COST OF INSURANCE FRAUD IN THE U.S.

PROPERTY
& CASUALTY

\$45
BILLION

MEDICARE
& MEDICAID FRAUD

\$68.7
BILLION

WORKERS'
COMPENSATION

\$34
BILLION

DISABILITY
INSURANCE

\$7.4
BILLION

PREMIUM
AVOIDANCE

\$35.1
BILLION

AUTO
THEFT

\$7.4
BILLION

HEALTH CARE

\$36.3
BILLION

LIFE NSURANCE

\$74.7
BILLION

- 30% of all premium dollars are attributed to fraud
- Insurance fraud is one of the costliest white-collar crimes in the US, second only to tax evasion
- Insurance fraud has a \$308.6 billion annual cost to U.S. consumers and businesses, according to the Coalition Against Insurance Fraud.
- Insurance fraud costs the average U.S. family between \$400 and \$700 per year in the form of increased premiums
- More than 1 in 10 small business owners are concerned an employee will fake an injury or illness to obtain WC benefits

Red Flags of Fraud

Let's review some warnings signs of fraud
and how it should trigger your SIU's
involvement with *your* claim.

RED FLAGS

Automatic Employer referral triggers

POWERED BY 

1



Late Reporting

2



Monday Morning
Reporting

3



Vague Accident Details

4



No Witnesses

5



Disgruntled Employees

6



Prior Work Accidents

7



Immediate Attorney
Involvement

To refer a claim, email Assignments@GoCommand.com

RED FLAGS

Automatic SIU referral triggers

POWERED BY **COMMAND**
INVESTIGATIONS

1



Any deception in an effort to obtain benefits

2



Perjury or deception during a deposition, recorded statement or verbal admission

3



Medical misrepresentation, including non-disclosure of pre-existing injuries

4



Claimant receiving non-disclosed secondary income while receiving benefits

5



Surveillance documenting activities beyond claimant's stated abilities

6



Revised doctor's opinions indicating misrepresentation

7



Using false personal data to secure benefits

To refer a claim, email Assignments@GoCommand.com

The Four Elements of Fraud

(1) There is a “LIE”

- A misrepresentation to obtain a benefit which is not otherwise entitled.

(2) The “LIE” is Made Knowingly

- The claimant is aware that they are not being truthful. The claimant knows that the injury is not as severe as stated, occurred off the job, or never happened.

(3) The “LIE” is Made with Intent of Obtaining a Benefit

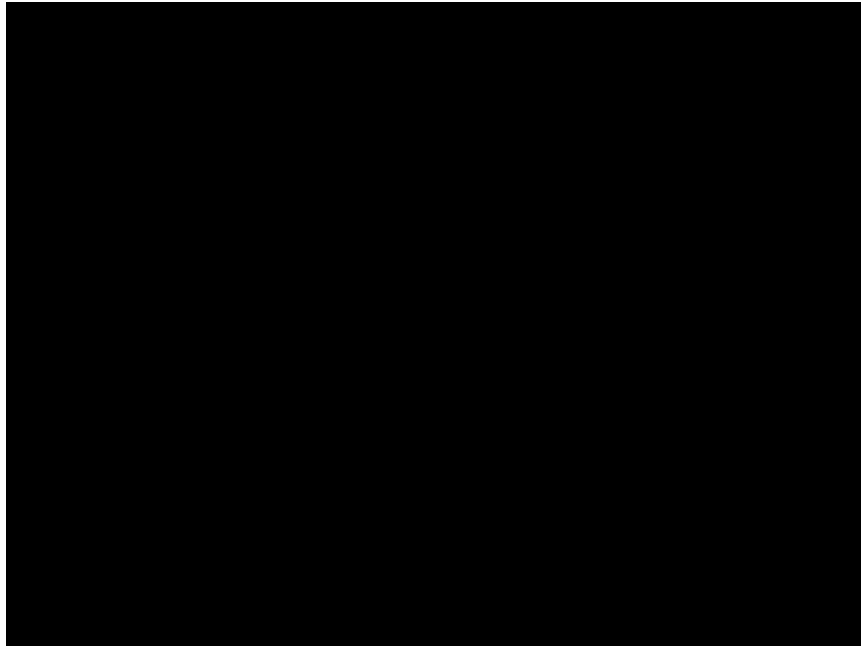
- The claimant intends to receive the unwarranted benefits knowing the benefits are based upon the misrepresented information and policy terms.

(4) The “LIE” Must be Material

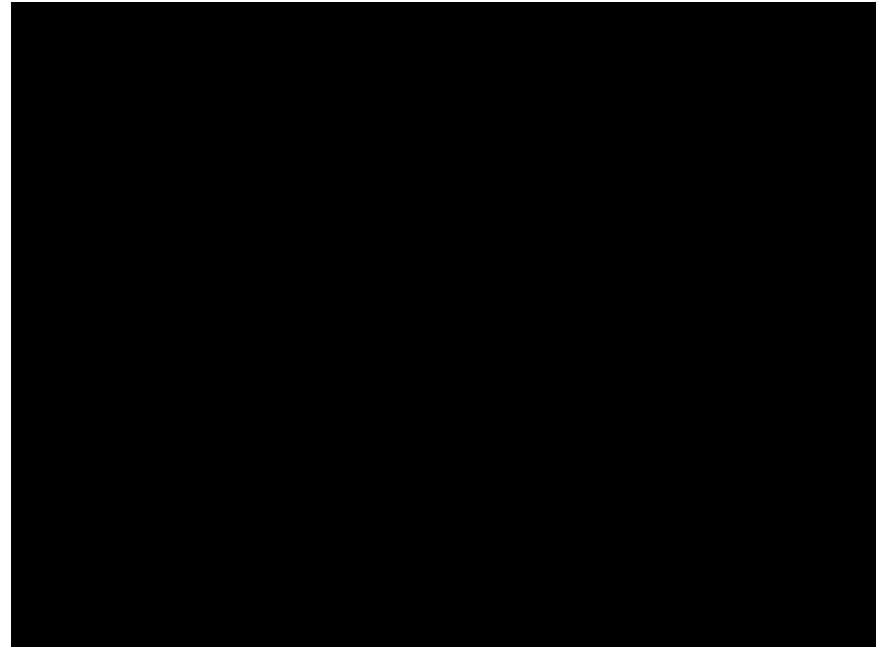
(it made a difference in the way the claim was handled)

- The insurance company experiences a loss or damage as a result of the misrepresentation and fraud has been committed.

Who Commits Insurance Fraud?



Video Deposition on May 20th



Multiple Days of Surveillance

The Four Elements of Fraud

How do we investigate & report these violations once they've been identified?

Tools to Fight Fraud

- Surveillance
- Social Media Investigations
- Medical/Facility Canvass
- Background Investigations
- SIU Investigations

Tools to Fight Fraud Surveillance

- DOL 6/8/2019
- No injuries initially reported
- Short time stated he could no longer exercise
- Investigation strategy was determined and put into place



Tools to Fight Fraud

Surveillance



Ethical & Legal?

- Audio Recording Devices
- Weddings
- Workplaces
- Medical Appointments
- Churches

Tools to Fight Fraud

Surveillance

Ethical & Legal Considerations

- Claimant's do not have a right to privacy when their activities are conducted in a public venue
- Surveillance is legal and appropriate if done in a reasonable and unobtrusive manner
- Activities are readily viewed from a public area

Tools to Fight Fraud

Social Media Investigations

- A Social Media Investigation is NOT a ‘Google Search...’
- Claimant Identifiers Must be Found First...
- Simply Too Much Data for Manual Searches
- Proprietary Software Platforms Utilized to Systematically Search, Sort and Filter Billions of Publicly Available Records
- Identifies All World Wide Web Exposures
- Analysis and Interpretation Absolutely Required

Tools to Fight Fraud

Social Media Preservation

A Disappearing Act – When It's Too Late to Get It Back!

- Digital Footprints and Social Media Profiles are Perishable
- Entire Profiles Can be Deleted or Altered at Will
- What Would Cause a Social Media Profile to be Changed or Deleted?

Tools to Fight Fraud

Social Media Preservation

- Open-Source Intelligence...*Only*
 - (OSINT)
- eDiscovery & Evidentiary Preservation
 - Data Authentication
 - 256-bit Digital Signature
 - Timestamps Using a Certified Stratum-1 Atomic Clock
- IP Suppression & Browser Shielding
 - Anonymous Web Browsing
 - No Digital Fingerprints

Tools to Fight Fraud

Social Media Investigations & Monitoring

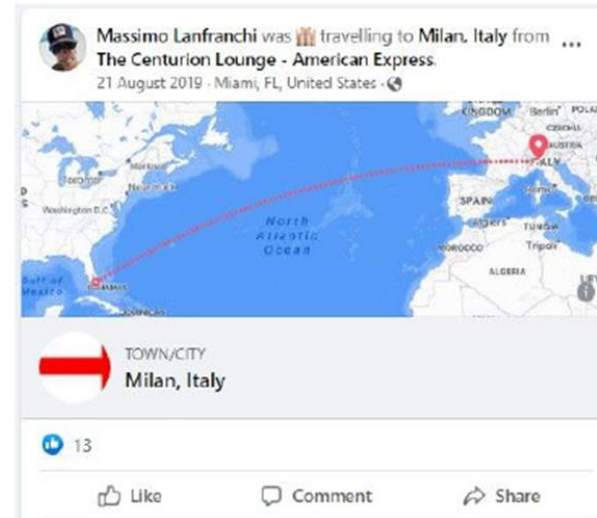


- Locate Claimant Social Media and Internet Presence
- Determine Claimant's Activity Level
- Proactive Versus Reactive
- Immediate Notification of Actionable Activities
- Formulate Plan of Action and Create Evidence Preservation



Tools to Fight Fraud

Social Media Investigations & Monitoring



- Posts of upcoming and current activity
- Posts & photos of international travel – Miami to Columbia & Italy
- Running shoes

Tools to Fight Fraud

Medical Canvass

Facility Canvasses

- Hospitals
- Pharmacies
- Walk-in Clinics
- Orthopedics
- Gyms
- Golf Clubs
- Concurrent employment



Tools to Fight Fraud

Background Investigations

Pre-Employment

- Refusing a background check
- Gaps In Employment
- Multiple Employers
- Work Related Injuries
- Falsified Qualifications
- Criminal Charges

During the Claim

- Subsequent Employment
- New Criminal Charges
- Changes in Demographics
- Professional Licenses
- Additional information for surveillance

Tools to Fight Fraud

Special Investigations Unit (SIU)

Core Responsibilities

- Legally & Ethically Investigate Suspect Claims - **NOT** Arrest Claimants
- State Fraud Plans
- Annual State Compliance Reporting
- Fraud Detection & Prevention
- Anti-Fraud Training
- Fraud Education & Public Awareness Programs

Tools to Fight Fraud

Special Investigations Unit (SIU)

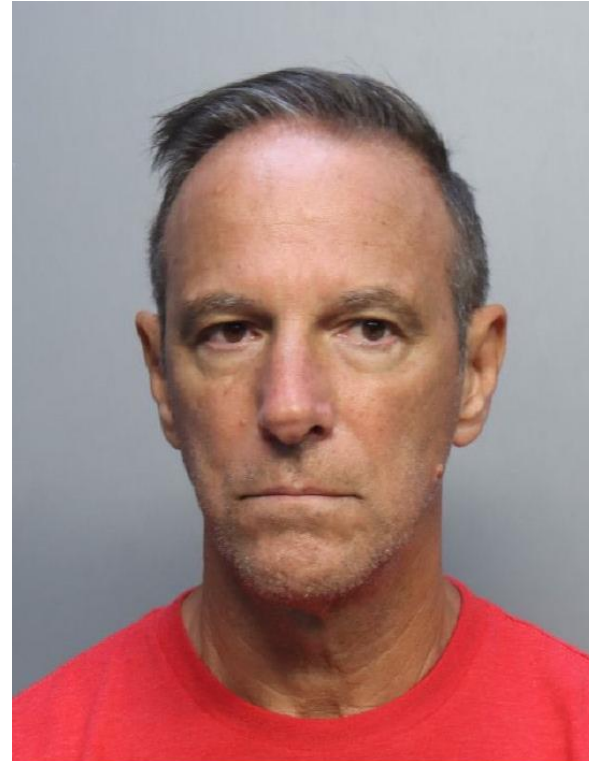
Statutorily Required to Report When...

- “When any false, fraudulent, misleading oral or written statements are made for the purpose of obtaining an insurance benefit”
- “Reasonable belief that an act of insurance fraud has or might be occurring”
- “Any misrepresentation of fact or omission of fact pertaining to the transaction of insurance including claims, premium and application fraud”

Tools to Fight Fraud

Special Investigations Unit (SIU)

- Initial investigation reduced settlement costs by \$65k+
- Investigation results were sent to the Florida Bureau of Insurance Fraud for a fraud investigation
- The state of Florida found that fraud was committed, and the claimant was subsequently located and arrested



Tools to Fight Fraud

Special Investigations Unit (SIU)

Any lying or false information used in an attempt to secure benefits...

at any point in the claim

Get SIU involved early if you have questions or if you are unsure of anything.

Recap & Conclusion

- Know the warning signs and red flags of potentially fraudulent activity
- Triggers for notifying SIU can range in severity and quantity. When in doubt get SIU involved early.
- Use all available options to investigate and build a fraud case before submitting the referral to the state
- Social media investigations, social media monitoring and social media preservations can significantly impact surveillance and SIU's referral of the file
- We are statutorily required to refer all suspect claims to the state

THANK
YOU!



COMMANDTM
INVESTIGATIONS **CONTROL YOUR RISK**