



DEPARTMENT OF

**Professional &  
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

# **Annual Report of Insurance Fraud and Abuse for 2017**

Prepared by the Maine Bureau of Insurance  
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## Annual Report of Insurance Fraud and Abuse for 2017

Pursuant to 24-A M.R.S. § 2186(4)(A)(B), and Bureau of Insurance Rule 920, this report summarizes insurance fraud reports submitted to the Bureau of Insurance by insurers for 2017. Regarding tables in this report, the number of claims may not equal the number of cases of suspected fraudulent activity, because one case may involve more than one fraudulent claim.

### 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 business for the most recent five-year period.**

The total number of suspected fraudulent claims reported in 2017 decreased by nearly 16% from 2016 mainly due to a significant decrease in reported Health claims. The number of claims related to Automobile insurance increased by 21% in 2017, while Workers' Compensation decreased by 26%. The Other Lines category includes *Disability, Travel and Professional Liability* insurance claims.

<b>Table 1: Number of Suspected Fraudulent Claims Reported by Line of Insurance</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Automobile	326	350	350	368	447
Property	216	185	193	198	218
Workers' Compensation	271	297	295	336	249
Health	484	881	312	888	569
General Liability	65	68	81	54	44
Life	18	6	14	17	27
Inland Marine	6	1	1	1	0
Other Lines	54	38	35	38	46
<b>Total</b>	<b>1,440</b>	<b>1,826</b>	<b>1,281</b>	<b>1,900</b>	<b>1,600</b>

**Table 2 shows the number of suspected fraudulent claims by type of insurance.** Personal Lines includes personal auto and homeowners insurance. Commercial Lines includes commercial auto, commercial general liability, group health insurance and workers' compensation.

<b>Table 2: Number of Suspected Fraudulent Claims Reported by Type of Insurance</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Personal Lines	550	776	550	570	675
Commercial Lines	894	1,036	665	1,319	912
<b>Total</b>	<b>1,444</b>	<b>1,812</b>	<b>1,215</b>	<b>1,889</b>	<b>1,587</b>

### Number of Suspected Fraudulent Insurance Acts by Type

Tables 3 through 6 display the types of suspected fraudulent insurance acts, broken down by specific type of fraudulent act.

**Table 3 illustrates the number of cases reported in which a claimant may have committed a fraudulent insurance act.** In 2017 three categories increased over 2016; the largest increase in cases was for Inflated Financial Loss, which experienced an increase of 52%. The Other category was used for cases involving a variety of acts such as *material misrepresentation, theft and arson*.

<b>Table 3: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Claimant May Have:</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Faked/Exaggerated Injury	392	457	400	373	401
Faked Property Damage	196	191	180	225	218
Inflated Financial Loss	92	84	67	67	102
Staged Accident/Injury	65	70	43	60	24
Been Known to File Suspect Claims— Including Faking, Exaggerating, or Extending Total or Partial Disability	20	38	30	48	71
Other	140	103	180	241	204
<b>Total</b>	<b>905</b>	<b>943</b>	<b>900</b>	<b>1,014</b>	<b>1,020</b>

**Table 4 shows the number of cases in which suspected fraudulent acts were committed by a legal provider.** As reflected in the five-year period below, no cases have been reported in the last two years.

<b>Table 4: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Legal Provider May Have:</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Hired or Paid Cappers/Chasers to Recruit Clients	0	0	0	0	0
Charged Fees Inconsistent with Services Provided	0	0	4	0	0
Other	0	0	4	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>

**Table 5 depicts the number of cases in which a *medical* provider submitted suspected fraudulent claims.** For 2017, there was an overall decrease in the number of reported suspected fraudulent insurance acts from prior year-end. Decreases were reported in every category. The Other category includes actions of medical providers such as *performing unnecessary procedures and overutilization*.

<b>Table 5: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Medical Provider May Have:</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Billed for Services Not Provided	22	29	11	29	27
Upcoded or Billed for Excessive Treatments	16	5	13	28	17
Unbundled Services	5	1	10	2	0
Provided an Inaccurate/Incomplete History	0	2	12	18	0
Fabricated Services	2	0	5	16	2
Operated Without a License	0	5	2	7	2
Received Compensation for Referral to Medical or Legal Providers	0	14	5	15	0
Hired or Paid Cappers/Chasers to Recruit Clients	0	0	5	15	0
Other	12	254	94	95	36
<b>Total</b>	<b>57</b>	<b>310</b>	<b>157</b>	<b>225</b>	<b>84</b>

**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 a suspected fraudulent insurance act.** In 2017, the reported claims increased in two categories: Provided an Inaccurate/Incomplete History, or Submitted False or Inaccurate Information to Obtain an Insurance Policy or to Reduce an Insurance Premium, and Other. The Other category includes *inflated monetary loss, questionable signatures and failure to disclose prior damage.*

<b>Table 6: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which Another Person or Entity May Have:</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Provided an Inaccurate/Incomplete History, or Submitted False or Inaccurate Information to Obtain an Insurance Policy or to Reduce an Insurance Premium	41	48	49	38	49
Charged Inconsistent with Services Provided	2	1	3	1	0
Fabricated Services	4	0	3	1	1
Received/Paid Compensation for Referral	0	0	0	0	1
Other	6	13	8	4	7
<b>Total</b>	<b>53</b>	<b>62</b>	<b>63</b>	<b>44</b>	<b>58</b>

### **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 and other agencies.** For 2017, a total of 234 cases were reported or referred to law enforcement and other agencies, representing an increase of 74 cases. The Other category and the Other Law Enforcement category include the *Maine State Fire Marshal's Office, Office of the Maine Attorney General, Maine Bureau of Insurance and local police departments.*

<b>Table 7: Number of Cases of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
National Insurance Crime Bureau	156	149	119	111	150
Other Law Enforcement	17	24	22	26	48
Workers' Compensation Board Fraud & Abuse Unit	25	5	4	5	15
County Attorney's Office	25	22	0	2	1
U.S. Attorney's Office	0	2	3	0	0
Other, Including U.S. Postal Authorities	28	16	9	16	20
<b>Totals</b>	<b>241</b>	<b>218</b>	<b>157</b>	<b>160</b>	<b>234</b>

*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 below shows the amount of money that was *not* paid on cases of suspected fraudulent insurance acts.** Insurers reported \$13,473,863 that may have been paid had the suspected fraud not been detected in 2017. The significant difference between results from 2016 and 2017 can be mainly attributed to one insurer which changed its methodology for calculating savings and made enhancements to its pre-payment review process.

<b>Table 8: Amount of Money NOT Paid on Cases of Suspected Fraudulent Insurance Acts</b>				
<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$8,563,088	\$6,201,110	\$5,295,633	\$9,523,628.97	\$13,473,863.89