

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)



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 2018**

Prepared by the Maine Bureau of Insurance  
June 2019

Janet T. Mills  
Governor

Eric A. Cioppa  
Superintendent

Anne L. Head  
Commissioner



Janet T. Mills  
Governor

STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

Eric A. Cioppa  
Superintendent

June 28, 2019

Senator Heather B. Sanborn, Chair  
Representative Denise A. Tepler, Chair  
Joint Standing Committee on Health Coverage, Insurance and Financial Services  
100 State House Station  
Augusta, ME 04333

Re: 2018 Annual Report – Insurance Fraud and Abuse

Dear Senator Sanborn, Representative Tepler, and Honorable Members of the Joint Standing Committee:

The accompanying information constitutes the Maine Bureau of Insurance Annual Report on Insurance Fraud and Abuse. The data contained in this report is based upon annual survey information, which insurers are required to report to the Bureau pursuant to 24-A M.R.S.A. §2186 and Maine Insurance Rule Chapter 920.

The Bureau will continue to collect information on suspected fraudulent insurance acts in an effort to better understand the extent of insurance fraud and abuse in Maine. If you have any questions concerning this report, do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'EC' followed by a flourish.

Eric Cioppa  
Superintendent



PRINTED ON RECYCLED PAPER

OFFICES LOCATED AT 76 NORTHERN AVENUE, GARDINER, MAINE 04345  
[www.maine.gov/insurance](http://www.maine.gov/insurance)

Phone: (207) 624-8475 TTY: Please call Maine Relay 711 Consumer Assistance: 1-800-300-5000 Fax (207) 624-8599

## Table of Contents

<i>Annual Report of Insurance Fraud and Abuse for 2018 .....</i>	<i>1</i>
<i>Number of Suspected Fraudulent Cases and Claims Reported by Line of Business.....</i>	<i>2</i>
<i>Number of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies.....</i>	<i>3</i>

### **Annual Report of Insurance Fraud and Abuse for 2018**

*The data contained in this report is based upon annual survey information which insurers are required to report to the Bureau of Insurance pursuant to 24-A M.R.S.A. §2186(4)(A)(B) and Maine Insurance Rule Chapter 920. The Bureau simplified the report form for 2018, so the information presented will differ from prior years. The 2018 report contains information on the number of suspected fraudulent cases and claims reported by line of insurance, along with the amounts paid and amounts denied for those cases and claims. It also contains the number of suspected fraudulent acts reported to or referred to law enforcement and other agencies.*

## Number of Suspected Fraudulent Cases and Claims Reported by Line of Business

Table 1 shows the number of suspected fraudulent cases and claims, for 2018, reported by line of business, along with the amounts paid and denied for those cases and claims. Because one case may involve more than one fraudulent claim, the number of claims may not equal the number of cases of suspected fraudulent activity. The highest number of suspected fraudulent cases were reported for the Personal Auto, followed by Workers' Compensation, then Health and Homeowners lines.

When looking at the percentage of amounts denied to the total of amounts paid and denied, four lines of business each had more than 10 percent of its suspected fraudulent claim amounts denied: Health (68%), General Liability (35%), Personal Auto (25%), and Life (16%).

<b>Table 1: Number of Suspected Fraudulent Cases and Claims Reported by Line of Business</b>					
<b>Line of Business</b>	<b>Number of Cases</b>	<b>Number of Claims</b>	<b>Amounts Paid</b>	<b>Amounts Denied</b>	<b>Total Amounts Paid and Denied</b>
Automobile	466	833	\$5,030,587	\$1,503,551	\$6,534,138
Personal	439	789	\$4,372,903	\$1,439,331	\$5,812,234
Commercial	27	44	\$657,684	\$64,220	\$721,904
General Liability	38	50	\$516,809	\$283,358	\$800,167
Health	146	499	\$652,626	\$1,359,818	\$2,012,444
Homeowners	109	170	\$7,925,129	\$770,376	\$8,695,505
Life	30	10	\$754,726	\$138,419	\$893,145
Wet Marine	4	153	\$817,753	\$6,400	\$824,153
Other Property Lines	78	156	\$5,053,580	\$294,181	\$5,347,761
Personal	48	99	\$773,236	\$79,833	\$853,069
Commercial	30	57	\$4,280,344	\$214,348	\$4,494,692
Workers' Compensation	247	646	\$17,735,392	\$1,793,428	\$19,528,820
All Other Lines	14	18	\$161,753	\$7,922	\$169,675
Personal	7	6	\$113,870	\$5,607	\$119,477
Commercial	7	12	\$47,883	\$2,315	\$50,198
<b>Totals</b>	<b>1,135</b>	<b>2,532</b>	<b>\$38,648,355</b>	<b>\$6,157,453</b>	<b>\$44,805,807</b>

Note: Some companies reported cases but did not report claims, and some reported claims but did not report cases.

## Number of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies

In 2018, a total of 241 suspected fraudulent acts were reported or referred to law enforcement and other agencies. This is a slight increase from the 234 reported in 2017. The highest number of referrals was made to the National Insurance Crime Bureau. Thirty referrals were made to “Other Agencies.” Of the referrals to Other Agencies, 11 were made to the Maine Bureau of Insurance, and three were made to the National Association of Insurance Commissioners (NAIC).

<b>Table 2: Number of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies</b>	
<b>Agency</b>	<b>Number of Referrals</b>
National Insurance Crime Bureau	193
Local Law Enforcement	8
U.S. Attorney’s Office	5
Workers’ Compensation Board Fraud & Abuse Unit	4
State Fire Marshal’s Office	1
Other Agencies	30
<b>Totals</b>	<b>241</b>