

# MAINE STATE LEGISLATURE

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ANGUS S. KING, JR.  
GOVERNOR

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

RECEIVED  
JUL 30 2001

ALESSANDRO A. IUPPA  
SUPERINTENDENT

July 26, 2001

Senator Lloyd R. LaFountain III  
Representative Christopher P. O'Neil  
Joint Standing Committee on Banking & Insurance  
100 State House Station  
Augusta, ME 04333-0003

Re: Year 2000 Insurance Fraud Report

Dear Senator LaFountain, Representative O'Neil, and members of the Committee:

Pursuant to Public Law 1997 Chapter 675, this letter constitutes the Bureau's annual report on Insurance Fraud to the Joint Standing Committee on Banking and Insurance.

This is the second year insurers have been required to report on insurance fraud activities in Maine. For your convenience, data for both 1999 and 2000 is attached. Of interest is the difference in total dollar value reported in 1999 and 2000. Discussion with the insurers reporting the largest dollar amount indicated that 1999 dollars were probably overstated and year 2000 data may more accurately reflect actual savings.

The number of occurrences by line of insurance business were:

Auto	260
Workers' Comp	325
General Liability	39
Life	31
Health	122
Marine	11
Property	92
Other	<u>220</u>
 Total	 1,100

Amount of money not paid on suspected fraudulent cases: \$3,527,186.44

If you have any questions concerning this report, please do not hesitate to contact me.

Sincerely,

Alessandro A. Iuppa  
Superintendent

Cc: S. Catherine Longley, Commissioner  
David Wilby, Office of the Governor  
Colleen McCarthy Reid



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OFFICES LOCATED AT: 124 NORTHERN AVE., GARDINER, MAINE 04345

PHONE: (207) 624-8475 TDD (207) 624-8563 CUSTOMER COMPLAINT 1-800-300-5000 FAX: (207) 624-8599

**State of Maine  
Bureau of Insurance  
Transmittal Form**

**Maine Fraud and Abuse Annual Report  
For Year Ending December 31, 2000**

Number of cases by category:

**Claimant May Have:**

1. Faked property damage -  
1999 – 70  
2000 – 74
2. Inflated financial loss -  
1999 – 65  
2000 – 58
3. Faked/exaggerated injury -  
1999 – 530  
2000 – 463
4. Staged accident/injury -  
1999 – 21  
2000 – 20
5. Been known to file suspect claims, including faking,  
exaggerating, or extending total or partial disability  
1999 – 53  
2000 – 42
6. Other  
1999 – 82  
2000 – 157

**Legal Provider May Have:**

7. Hired or paid cappers/chasers to recruit clients  
1999 – 2  
2000 – 0
8. Charged fees inconsistent with services provided  
1999 – 0  
2000 – 0

- 9. Other  
1999 – 4  
2000 - 1

**Medical Provider May Have:**

- 10. Provided an inaccurate/incomplete history  
1999 – 4  
2000 - 6
- 11. Billed for services not provided  
1999 – 10  
2000 – 15
- 12. Upcoded or billed for excessive treatments  
1999 – 233  
2000 – 10
- 13. Unbundled services  
1999 – 1  
2000 – 2
- 14. Received compensation for referral to medical or legal providers  
1999 – 3  
2000 – 1
- 15. Hired or paid cappers/chasers to recruit clients  
1999 – 10  
2000 – 0
- 16. Fabricated services  
1999 – 3  
2000 – 0
- 17. Provided an inaccurate/incomplete history  
1999 – 0  
2000 – 2
- 18. Operated without a license  
1999 – 0  
2000 – 0
- 19. Other  
1999 – 11  
2000 – 7

**Other Person or Entity May Have:**

- 20. Received/paid compensation for referral
  - 1999 – 1
  - 2000 – 0
  
- 21. Fabricated services
  - 1999 – 10
  - 2000 – 1
  
- 22. Charged inconsistent with services provided
  - 1999 – 10
  - 2000 – 10
  
- 23. Provided an inaccurate/incomplete history, or submitted false or inaccurate information to obtain an insurance policy or to reduce an insurance premium
  - 1999 – 16
  - 2000 – 11
  
- 24. Other
  - 1999 – 18
  - 2000 – 16
  
- 25. Total number of suspected fraud claims by line of business:
  - Auto -
    - 1999 - 262
    - 2000 – 260
  
  - Worker Comp -
    - 1999 - 472
    - 2000 – 325
  
  - General Liability -
    - 1999 - 15
    - 2000 – 39
  
  - Life -
    - 1999 - 46
    - 2000 – 31
  
  - Health (including Medicare/Medicaid) -
    - 1999 - 72
    - 2000 – 122
  
  - Marine -
    - 1999 - 15
    - 2000 – 11

Property -  
1999 - 89  
2000 - 92

Other -  
1999 - 24  
2000 - 220

26. Total number of suspected fraud claims by type of insurance:

Personal -  
1999 - 432  
2000 - 626

Commercial -  
1999 - 563  
2000 - 464

27. Number of cases reported/referred to law enforcement agency?

District Attorney's Office  
1999 - 4  
2000 - 34

U.S. Attorney's Office  
1999 - 2  
2000 - 5

Other Law Enforcement  
1999 - 36  
2000 - 16

Workers' Compensation Board Abuse and Fraud Unit  
1999 - 0  
2000 - 1

National Insurance Crime Bureau  
1999 - 78  
2000 - 95

Other, including U.S. Postal Authorities  
1999 - 18  
2000 - 17

28. Amount of money not paid on suspected fraudulent cases:

1999 - \$8,985,366.32  
2000 - \$3,527,186.44