

# 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)



## 2015 ANNUAL REPORT

# **INSURANCE FRAUD AND ABUSE**

Prepared by the Maine Bureau of Insurance  
June 2016

Paul R. LePage  
Governor

Anne L. Head  
Commissioner

Eric A. Cioppa  
Superintendent

## Table of Contents

Annual Report of Insurance Fraud and Abuse for 2015 .....	1
Number of Suspected Fraudulent Claims Reported by Line and Type of Insurance .....	1
Number of Suspected Fraudulent Insurance Acts by Type of Act .....	2
Number of Suspected Fraudulent Cases Reported/Referred to Law Enforcement & Others.....	5
Amount of Money NOT Paid On Cases of Suspected Fraudulent Insurance Acts .....	5

## Annual Report of Insurance Fraud and Abuse for 2015

*The information published in this report is based upon the data reported by insurance companies to the Maine Bureau of Insurance. 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.*

### 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 2015 represents the lowest in the last five years.

The number of claims reported declined from 1,826 in 2014 to 1,281 in 2015. There were 312 Health claims reported in 2015, a decrease of 65% from the 881 reported in 2014. The number of General Liability claims increased from 68 in 2014 to 81 in 2015, the highest number reported in the last five years.

The Other Lines category includes *Disability* and *Professional Liability* insurance claims.

Table 1: Number of Suspected Fraudulent Claims Reported by Line of Insurance					
	2015	2014	2013	2012	2011
Automobile	350	350	326	333	468
Property	193	185	216	228	360
Workers' Compensation	295	297	271	366	303
Health	312	881	484	229	251
General Liability	81	68	65	67	56
Life	14	6	18	9	13
Inland Marine	1	1	6	25	7
Other Lines	35	38	54	25	45
<b>Total</b>	<b>1,281</b>	<b>1,826</b>	<b>1,440</b>	<b>1,282</b>	<b>1,503</b>



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

Commercial lines claims were the lowest number reported in the last five years. Personal lines claims returned to the level reported in 2013, after a spike in claims last year.

Table 2: Number of Suspected Fraudulent Claims Reported by Type of Insurance					
	2015	2014	2013	2012	2011
Personal Lines	550	776	550	540	800
Commercial Lines	665	1,036	894	743	684

## Number of Suspected Fraudulent Insurance Acts by Type of Act

Tables 3 through 6 display the reported suspected fraudulent insurance acts, by type.

Table 3 illustrates the number of cases reported in which a claimant may have committed a fraudulent insurance act. In 2015, the number of reported cases was lower than in 2014 for all categories. The Other category was used for cases involving a variety of acts such as *suspicious fire or arson*, *misrepresented circumstances* and *theft*.

Table 3: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Claimant May Have:					
	2015	2014	2013	2012	2011
Faked/Exaggerated Injury	400	457	392	367	444
Faked Property Damage	180	191	196	231	322
Inflated Financial Loss	67	84	92	142	86
Staged Accident/Injury	43	70	65	82	66
Been Known to File Suspect Claims—including Faking, Exaggerating, or Extending Total or Partial Disability	30	38	20	69	24
Other	180	103	140	126	130

Table 4 shows the number of cases of suspected fraudulent insurance acts reported which may have been committed by a legal provider. As shown in the five-year period below, four cases were reported for the first time in 2015. The Other category includes *inconsistent facts*.

Table 4: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Legal Provider May Have:					
	2015	2014	2013	2012	2011
Hired or Paid Cappers/Chasers to Recruit Clients	0	0	0	0	0
Charged Fees Inconsistent with Services Provided	4	0	0	0	0
Other	4	0	0	0	0

Table 5 depicts the number of cases in which a medical provider submitted suspected fraudulent claims. For 2015, there was an overall decrease in the number of reported suspected fraudulent insurance acts from prior year-end.

In the categories Billed for Services Not Provided, Operated Without a License, Received Compensation for Referral to Medical or Legal Providers and Other, the number of cases declined from the 2014 results. The largest decline in the number of cases reported was in the Other category which included *failure to submit documents to support billed services, improper coding and performing unnecessary procedures.*

The categories Upcoded or Billed for Excessive Treatments, Unbundled Services, Provided an Inaccurate/Incomplete History, Fabricated Services and Hired or Paid cappers/Chasers to Recruit Clients reflect an aggregate of 45 cases reported in 2015, an increase from eight cases reported in 2014.

<b>Table 5: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which the Medical Provider May Have:</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Billed for Services Not Provided	11	29	22	22	19
Upcoded or Billed for Excessive Treatments	13	5	16	31	17
Unbundled Services	10	1	5	6	16
Provided an Inaccurate/Incomplete History	12	2	0	6	0
Fabricated Services	5	0	2	6	2
Operated Without a License	2	5	0	0	0
Received Compensation for Referral to Medical or Legal Providers	5	14	0	0	0
Hired or Paid Cappers/Chasers to Recruit Clients	5	0	0	0	0
Other	94	254	12	8	25

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 insurance acts. In 2015, the reported claims increased in all categories except Received/Paid Compensation for Referral and Other. In the Other category, there was a decrease of 38% from 2014. Other includes *suspected forgery of documents and misappropriated funds*.

<b>Table 6: Number of Cases of Suspected Fraudulent Insurance Acts Reported in Which an 'Other Person or Entity' May Have:</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Provided an Inaccurate/Incomplete History, or Submitted False or Inaccurate Information to Obtain an Insurance Policy or to Reduce an Insurance Premium	49	48	41	19	25
Charged Inconsistent with Services Provided	3	1	2	0	1
Fabricated Services	3	0	4	1	1
Received/Paid Compensation for Referral	0	0	0	0	0
Other	8	13	6	5	5



## 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 2015, a total of 157 cases were reported or referred, reflecting the largest single-year decrease recorded and the lowest number reported since 2011. This is attributed to decreases in the number of cases reported to every listed agency except the U.S. Attorney's Office. The Other, Including U.S. Postal Office Authorities category, includes the *Maine State Fire Marshal's Office, Office of the Maine Attorney General and Maine Bureau of Insurance*.

Table 7: Number of Cases of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies					
	2015	2014	2013	2012	2011
National Insurance Crime Bureau	119	149	156	143	170
Other Law Enforcement	22	24	17	68	58
Workers' Compensation Board Fraud & Abuse Unit	4	5	25	11	15
District Attorney's Offices	0	22	25	1	11
Other, Including U.S. Postal Authorities	9	16	28	26	11
U.S. Attorney's Office	3	2	0	2	8
<b>Totals</b>	<b>157</b>	<b>218</b>	<b>241</b>	<b>251</b>	<b>273</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 shows the amount of money that was not paid on cases of suspected fraudulent insurance acts. The insurers reported \$5,295,633 in savings that may have been paid had the suspected fraud not been detected in 2015. The amount of money that was not paid on suspected insurance acts steadily decreased in the last three years.

Table 8: Amount of Money NOT Paid on Cases of Suspected Fraudulent Insurance Acts				
2015	2014	2013	2012	2011
\$5,295,633	\$6,201,110	\$8,563,088	\$7,304,490	\$8,022,902