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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 2019

Prepared by the Maine Bureau of Insurance
June 2020

Janet T. Mills
Governor

Eric A. Cioppa
Superintendent

Anne L. Head
Commissioner



STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
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Janet T. Mills
Governor

Eric A. Cioppa
Superintendent

June 15, 2020

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: 2019 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,

Eric Cioppa
Superintendent



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Annual Report of Insurance Fraud and Abuse for 2019

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 in 2018, so the information presented will differ from prior years. The 2019 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 2019, reported by line of business, along with the amounts paid and denied for those cases and claims.

One case of suspected fraudulent activity may involve more than one fraudulent claim, so the number of claims may not equal the number of cases.

The highest number of suspected fraudulent cases were reported for Auto, followed by Health then Workers' Compensation.

When looking at the percentage of amounts denied to the total of amounts paid and denied, five lines of business each had more than 10 percent of its suspected fraudulent claim amounts denied: General Liability (81%), Health (58%), Other Property Lines (20%), Automobile (18%), and Homeowners (17%).

Table 1: Number of Suspected Fraudulent Cases and Claims Reported by Line of Business					
Line of Business	Number of Cases	Number of Claims	Amounts Paid	Amounts Denied	Total Amounts Paid and Denied
Automobile	895	1,145	\$7,223,640	\$1,565,543	\$8,789,183
Personal	862	1,099	\$6,696,656	\$1,492,072	\$8,188,728
Commercial	33	46	\$526,984	\$73,471	\$600,455
General Liability	33	45	\$67,355	\$293,446	\$360,801
Health	297	3,056	\$2,311,150	\$3,199,359	\$5,510,509
Homeowners	64	144	\$7,605,037	\$1,537,940	\$9,142,977
Life	39	21	\$6,653,299	\$37,506	\$6,690,805
Wet Marine	13	159	\$1,097,790	\$0	\$1,097,790
Other Property Lines	64	115	\$4,782,066	\$1,167,613	\$5,949,679
Personal	36	73	\$1,658,975	\$456,054	\$2,115,029
Commercial	28	42	\$3,123,091	\$711,559	\$3,834,650
Workers' Compensation	257	966	\$16,695,980	\$1,757,391	\$18,453,371
All Other Lines	13	21	\$442,941	\$20,178	\$463,119
Personal	12	9	\$142,405	\$12,678	\$155,083
Commercial	1	12	\$300,536	\$7,500	\$308,036
Totals	1,675	5,672	\$46,879,258	\$9,578,976	\$56,458,234

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 2019, a total of 288 suspected fraudulent acts were reported or referred to law enforcement and other agencies. This is a nearly 20 percent increase from the 241 reported in 2018. The highest number of referrals was made to the National Insurance Crime Bureau. There were 80 referrals made to “Other Agencies.” Of the referrals to Other Agencies, 56 were made to the Maine Bureau of Insurance, and 9 were made to the National Association of Insurance Commissioners (NAIC).

Table 2: Number of Suspected Fraudulent Insurance Acts Reported/Referred to Law Enforcement and Other Agencies	
Agency	Number of Referrals
County/District Attorney's Office	4
Local Law Enforcement	5
National Insurance Crime Bureau	172
State Fire Marshal's Office	5
U.S. Attorney's Office	15
Workers' Compensation Board Fraud & Abuse Unit	7
Other Agencies	80
Totals	288