

# STRATEGIC REPORT

## NATIONAL INSURANCE CRIME BUREAU

### STRATEGIC & TACTICAL INFORMATION DEPARTMENT

Date: April 10, 2009

Regarding: **2008 and 2009 1<sup>st</sup> Quarter Referral Reason Analysis**

Prepared By: Eileen McDermott, Strategic Analyst

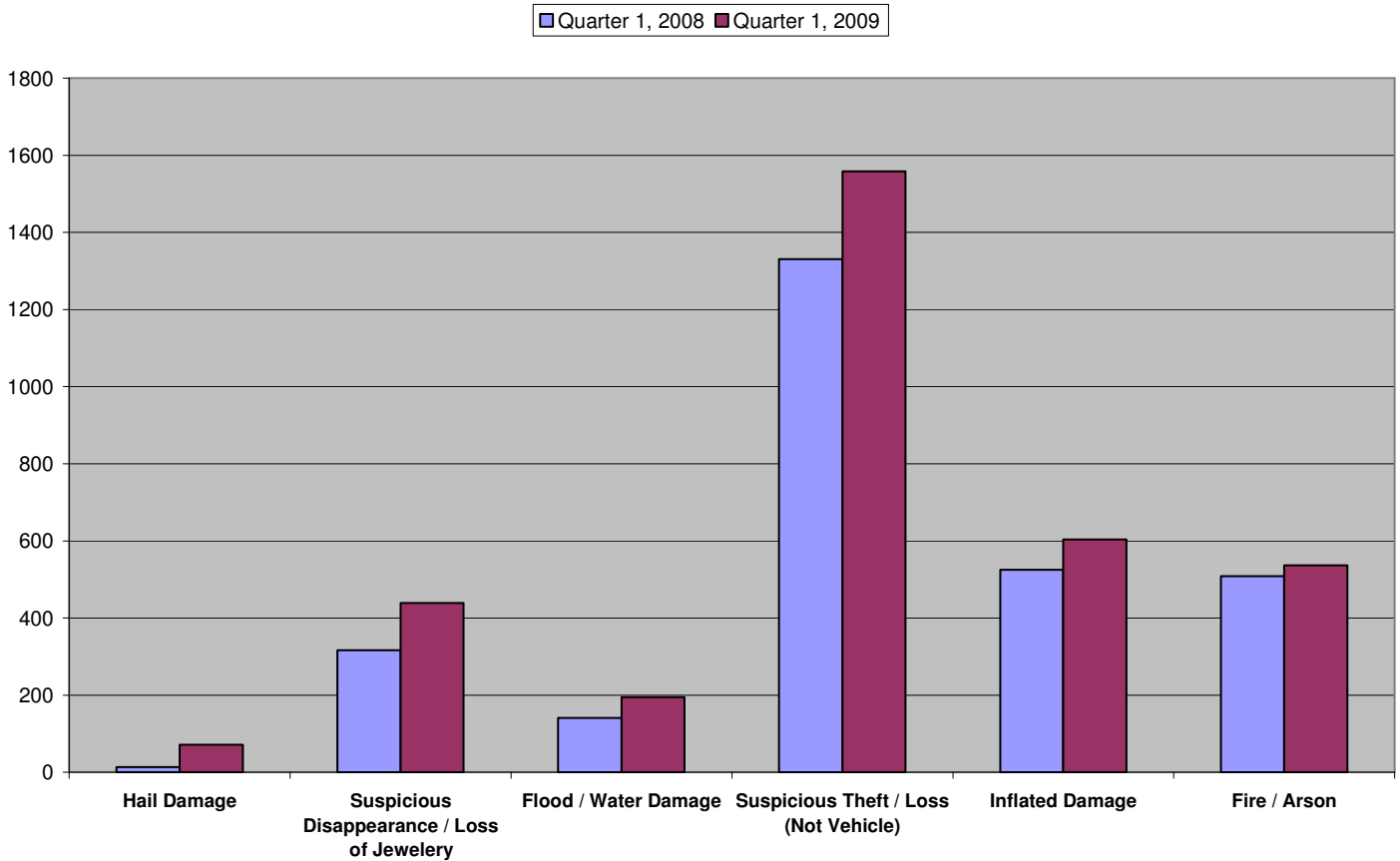
An analysis of the National Insurance Crime Bureau (NICB) 2008 and 2009 first quarter Questionable Claims (QCs), as submitted by member companies, was performed to compare Property, Casualty, Commercial, Worker's Compensation, Vehicle and Miscellaneous referral reasons. Attention should be given to referral reasons which can be classified as opportunistic fraud, as many showed an increase for the time period examined. Tables and charts are organized by greatest percent change.

#### 2008 and 2009 1<sup>st</sup> Quarter Property Referral Reasons

2008 and 2009 Property Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Hail Damage	14	71	57	407%
Suspicious Disappearance/Loss of Jewelry	316	439	123	39%
Flood / Water Damage	141	195	54	38%
Suspicious Theft/Loss (Not Vehicle)	1331	1559	228	17%
Inflated Damage	525	604	79	15%
Fire/Arson	508	537	29	6%

Hail Damage accounted for the largest percent change in Property referrals with a 407 percent increase between the first quarter of 2008 and the first quarter of 2009; an increase in referrals related to natural disasters can be seen in Property, Vehicle, and Miscellaneous referral types. Fire/Arson referrals accounted for the smallest increase with 6 percent. All property referral reasons showed an increase in the first quarter of 2009.

### Property Referral Reasons

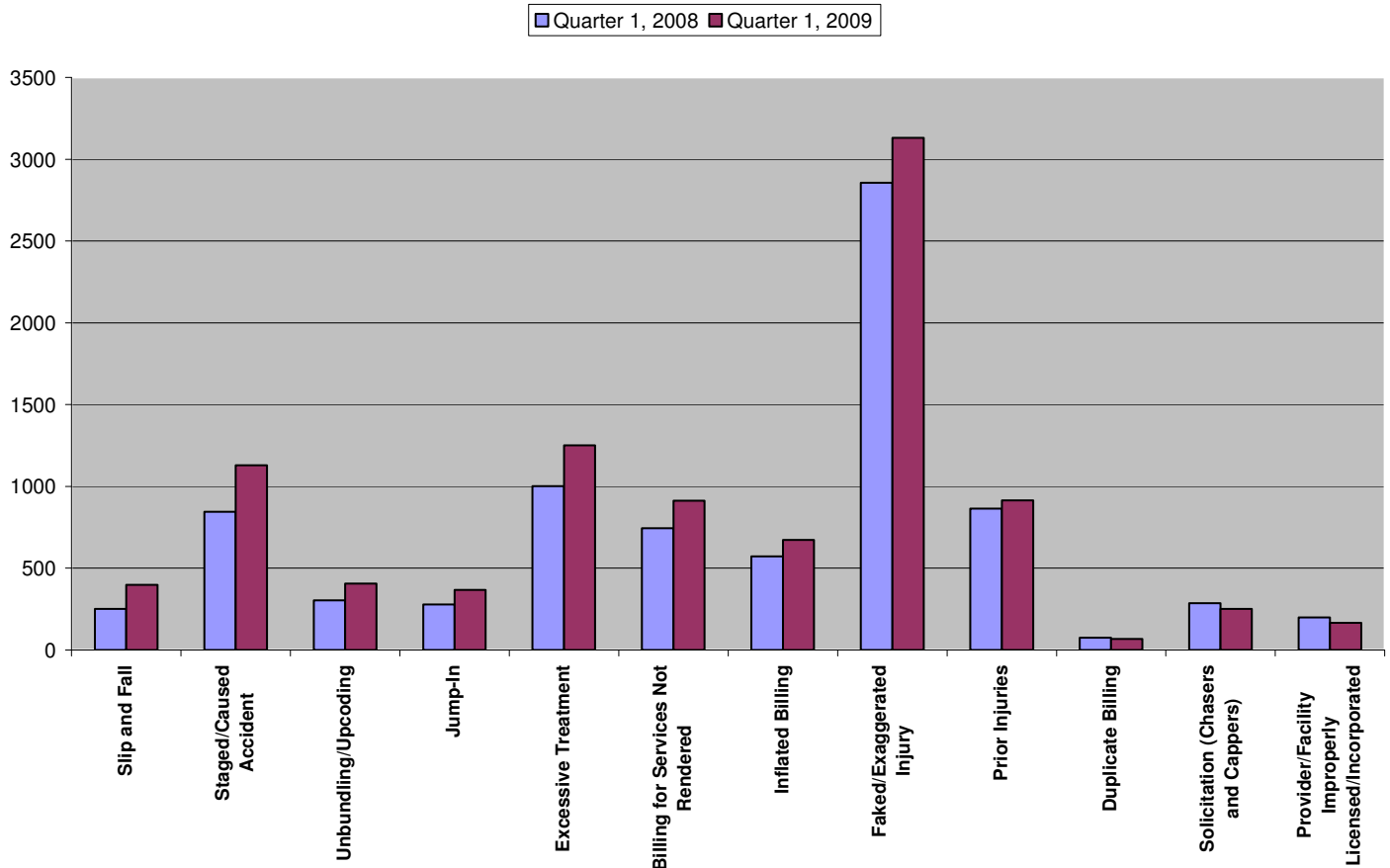


### 2008 and 2009 1<sup>st</sup> Quarter Casualty Referral Reasons

2008 and 2009 Casualty Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Slip and Fall	250	399	149	60%
Staged/Caused Accident	845	1129	284	34%
Unbundling/Up-coding	304	406	102	34%
Jump-In	278	366	88	32%
Excessive Treatment	1002	1251	249	25%
Billing for Services Not Rendered	743	913	170	23%
Inflated Billing	572	673	101	18%
Faked/Exaggerated Injury	2857	3132	275	10%
Prior Injuries	864	914	50	6%
Duplicate Billing	75	67	-8	-11%
Solicitation (Chasers and Cappers)	286	250	-36	-13%
Provider/Facility Improperly Licensed/Incorporated	199	167	-32	-16%

The largest percent change for Casualty referrals was seen in Slip and Falls, with a 60 percent increase. The following referral reasons showed a decrease in the first quarter of 2009 when compared to the same period in 2008: Duplicate Billing, Solicitation (Chasers and Cappers), and Provider/Facility Improperly Licensed/Incorporated.

### Casualty Referral Reasons



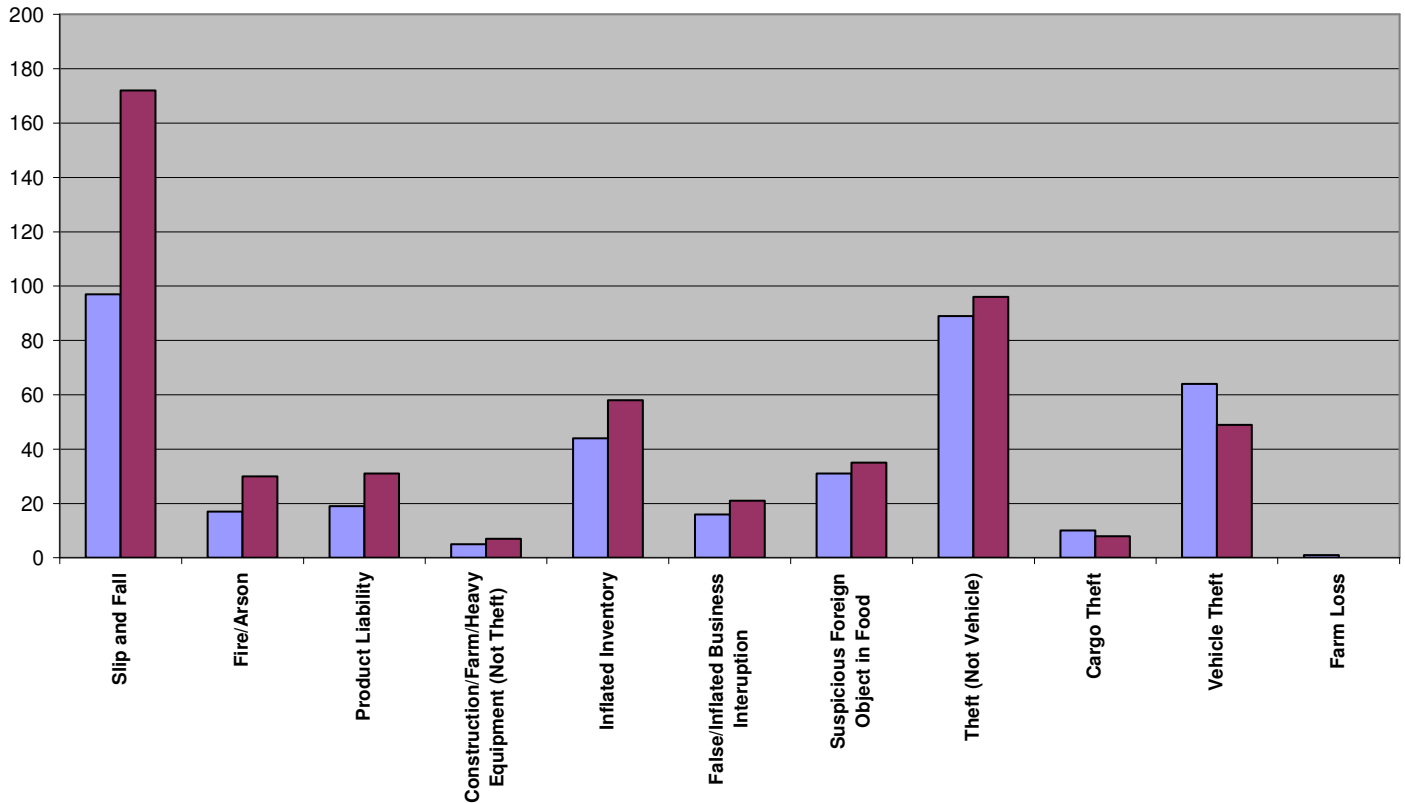
### 2008 and 2009 1<sup>st</sup> Quarter Commercial Referral Reasons

2008 and 2009 Commercial Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Slip and Fall	97	172	75	77%
Fire/Arson	17	30	13	76%
Product Liability	19	31	12	63%
Construction/Farm/Heavy Equipment (Not Theft)	5	7	2	40%
Inflated Inventory	44	58	14	32%
False/Inflated Business Interruption	16	21	5	31%
Suspicious Foreign Object in Food	31	35	4	13%
Theft (Not Vehicle)	89	96	7	8%
Cargo Theft	10	8	-2	-20%
Vehicle Theft	64	49	-15	-23%
Farm Loss	1	0	-1	-100%

The largest percent change for Commercial referrals was also seen in Slip and Falls, with an increase of 77 percent. Fire/Arson referrals showed the next largest increase with 76 percent. Cargo Theft, Vehicle Theft and Farm Loss referrals all decreased.

**Commercial Referral Reasons**

Quarter 1, 2008 Quarter 1, 2009

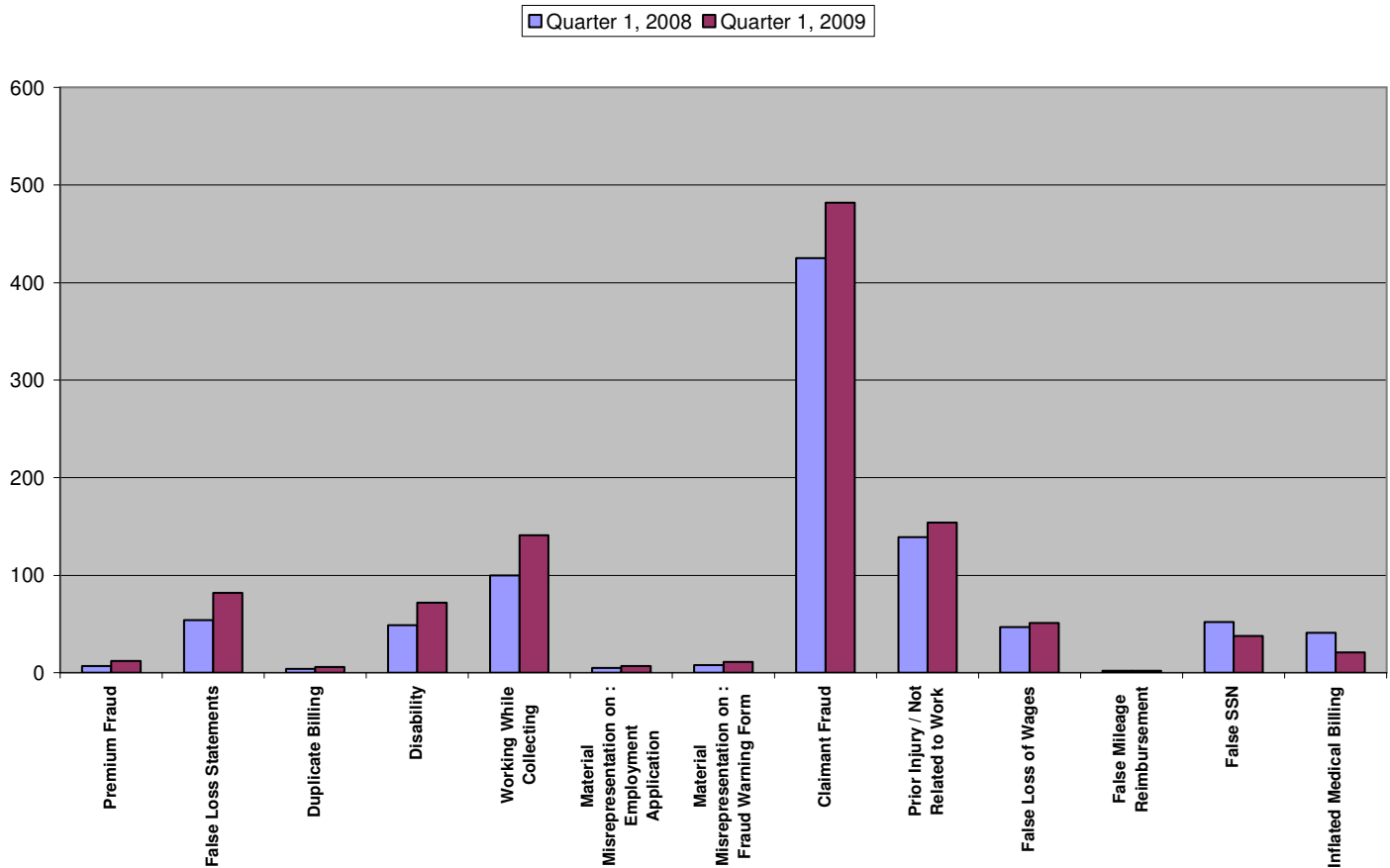


**2008 and 2009 1<sup>st</sup> Quarter Worker's Compensation Referral Reasons**

2008 and 2009 Worker's Compensation Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Premium Fraud	7	12	5	71%
False Loss Statements	54	82	28	52%
Duplicate Billing	4	6	2	50%
Disability	49	72	23	47%
Working While Collecting	100	141	41	41%
Material Misrepresentation on: Employment Application	5	7	2	40%
Material Misrepresentation on: Fraud Warning Form	8	11	3	38%
Claimant Fraud	425	482	57	13%
Prior Injury / Not Related to Work	139	154	15	11%
False Loss of Wages	47	51	4	9%
False Mileage Reimbursement	2	2	0	0%
False SSN	52	38	-14	-27%
Inflated Medical Billing	41	21	-20	-49%

Premium Fraud accounted for the largest percent increase in Worker's Compensation referrals with a 71 percent increase between the first quarter of 2008 and the first quarter of 2009. The number of False Mileage Reimbursement referrals remained the same and False SSN and Inflated Medical Billing referrals both decreased.

### Workers Comp Referral Reasons

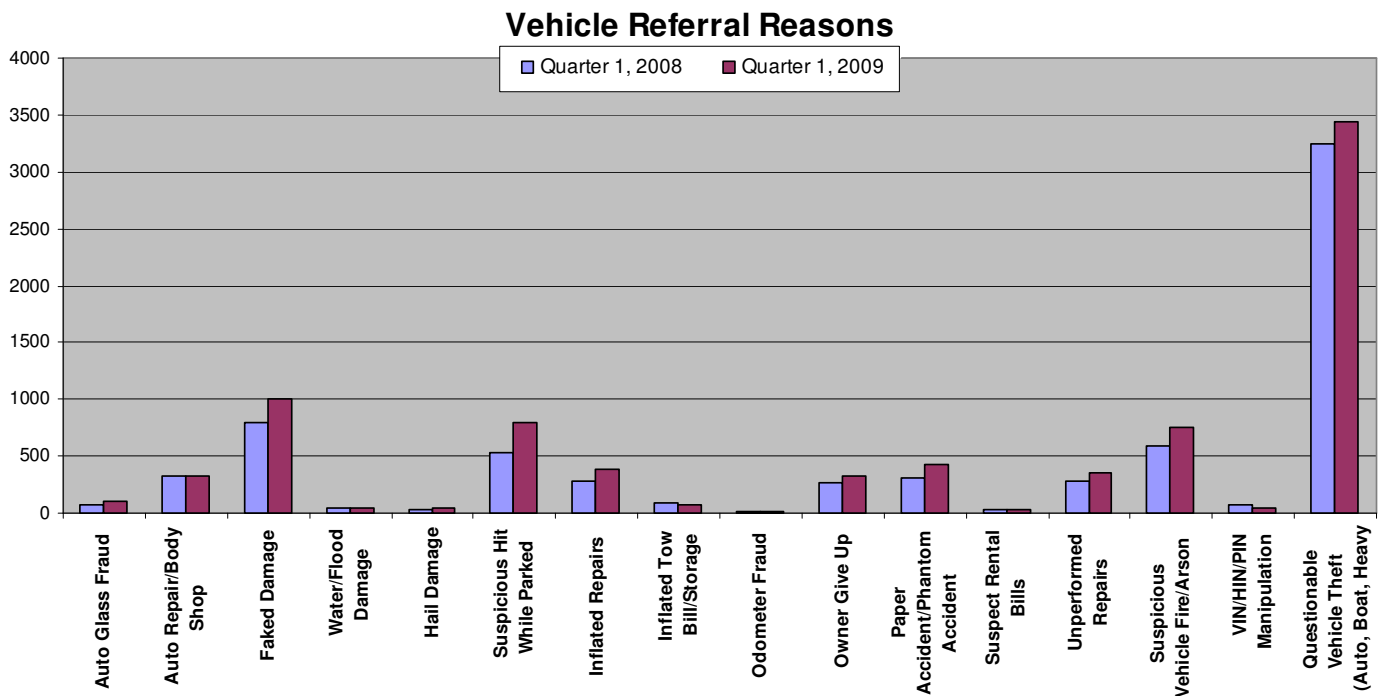


### 2008 and 2009 1<sup>st</sup> Quarter Vehicle Referral Reasons

2008 and 2009 Vehicle Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Auto Glass Fraud	69	104	35	51%
Suspicious Hit While Parked	529	791	262	50%
Hail Damage	33	49	16	48%
Inflated Repairs	282	385	103	37%
Paper Accident/Phantom Accident	316	429	113	36%
Water/Flood Damage	37	49	12	32%
Suspicious Vehicle Fire/Arson	596	757	161	27%
Unperformed Repairs	280	355	75	27%
Faked Damage	795	1005	210	26%
Owner Give-up	262	325	63	24%
Questionable Vehicle Theft (Auto, Boat, Heavy Equipment, Etc.)	3247	3443	196	6%
Auto Repair/Body Shop	322	324	2	1%
Inflated Tow Bill/Storage	83	80	-3	-4%
Suspect Rental Bills	26	25	-1	-4%
Odometer Fraud	19	16	-3	-16%
VIN/HIN/PIN Manipulation	70	39	-31	-44%

The largest percent change for Vehicle referrals was seen in Auto Glass Fraud, with an increase of 51 percent.

Suspicious Hit While Parked referrals showed the next largest increase with 50 percent. Inflated Tow Bill/Storage, Suspect Rental Bills, Odometer Fraud, and VIN/HIN/PIN Manipulation all decreased in the first quarter of 2009 when compared to the same period in 2008.



### 2008 and 2009 1<sup>st</sup> Quarter Miscellaneous Referral Reasons

2008 and 2009 Miscellaneous Referral Reasons	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2009	Difference	Percent Change
Catastrophe (Hurricane, Tornado, Hail, Wind, Fire)	32	180	148	463%
Premium Avoidance	250	418	168	67%
Lack of Cooperation from Insured	974	1537	563	58%
Material Misrepresentation in: Recorded Interview / Deposition / SUO / EUO	938	1457	519	55%
Prior Loss/Damage	1106	1647	541	49%
Informant Tip - Anonymous	105	150	45	43%
Agent/Adjuster Fraud	51	68	17	33%
Extensive Loss History	678	867	189	28%
Application Misrepresentation	1188	1475	287	24%
Malingering	193	238	45	23%
Informant Tip - Law Enforcement	81	97	16	20%
Organized Group / Ring Activity	534	638	104	19%
Multiple Policies	63	75	12	19%
Questioned Documents Altered, Forged, Falsified, Duplicated	671	773	102	15%
Fictitious Loss	1606	1837	231	14%
Medical Provider	1169	1239	70	6%
Attorney Activities	408	421	13	3%
Medical Provider/Attorney Relationship	531	530	-1	0%
Vendor Fraud	58	55	-3	-5%

Catastrophes accounted for the largest percent change in Miscellaneous referrals with a 463 percent increase between the first quarter of 2008 and the first quarter of 2009; it should be noted that under property referrals, Hail Damage showed a similar increase. Premium Avoidance referrals showed the next largest increase with 67 percent. All Miscellaneous referral reasons showed an increase in the first quarter of 2009 except for Medical Provider/Attorney Relations and Vendor Fraud.

### Miscellaneous Referral Reasons

Quarter 1, 2008 Quarter 1, 2009

