Fighting Fraud with a Special Investigation Unit

Statistics from the National Insurance Crime Bureau, a group of nearly 1,100 insurance companies and self-insured employers, show that insurance fraud costs $30 billion per year. Whether it is the totally bogus claim to obtain medical treatment for a preexisting condition, or the employee who exaggerates the amount of pain to obtain narcotics, fraud increases the cost of doing business for employers and increases the cost of all products and services.

**Special Investigation Units Detect, Investigate, and Defeat Fraud**

Many insurers and self-insured employers take the cost of workers’ compensation fraud seriously and are fighting back. Special Investigation Units (SIU) whose purposes are to detect, investigate and defeat fraud have been established at many insurance companies, third party administrators and self-insured employers. The SIU is normally staffed by individuals who have a law degree, or forensic accounting background, or have both extensive law enforcement experience and insurance knowledge.

The SIUs fight fraud in several ways including:

* Investigating suspected fraudulent claims
* Examining dubious claims for evidence of fraud
* Educating claim adjuster on how to identify fraud
* Coordinating with law enforcement agencies to achieve criminal prosecution of employees who submit fraudulent work comp claims
* Coordinating with the National Insurance Crime Bureau to identify participants in organized crime rings
* Coordinating with the fraud division of the state department of insurance

Most of the investigations completed by a SIU are the result of a questionable workers’ compensation claim being referred to them by the adjuster or by the employer. Upon receiving a newly assigned claim, the SIU will assign a fraud investigator to the claim.

The SIU investigator’s investigation will include:

* Completion of a detailed analysis of the initial claim information provided to them
* Extensive interviews with the adjuster, employer, medical provider(s) and the employee
* A field investigation to visit the accident location and interview witnesses
* A background investigation of the employee
* A compilation of prior medical history on employees who may be claiming pre-existing medical conditions
* Sharing and obtaining any information available from law enforcement agencies and the National Insurance Crime Bureau

**Employers Should Ask Adjuster If Suspected Claim Referred to SIU**

Employers who suspect fraud should ask their adjuster if the suspected claim has been referred to the SIU. If not, the employer should ask to make a direct referral to the SIU.

Employers are sometimes reluctant to refer a claim to the SIU as they are concerned about the employee alleging retaliation by the employer for the employee making a workers’ compensation claim. Employers do not need to be overly concerned about this possibility as the SIU investigators are trained to have an unbiased approach toward obtaining the facts and pursuing only fraudulent claims that can be proven. (There will be highly suspicious claims that the adjuster, employer and SIU investigator all believe to be fraudulent that will not be pursued as the SIU investigator and the law enforcement agency cannot obtain enough evidence to prove fraud).

The SIU of an insurance company cannot bring criminal charges or prosecute an employee who files a fraudulent work comp claim. The SIU will present the evidence they have developed to the appropriate law enforcement agency for their consideration. The employee will be prosecuted for criminal fraud only if the law enforcement agency is in agreement with the SIU that the employee is attempting to commit fraud or has committed fraud.

**Nothing Breeds Fraud Faster Than Failure To Prosecute**

If you are aware of a possible fraudulent claim, it is to your benefit to have the SIU to fully investigate the claim. Nothing breeds fraud faster than the failure to prosecute a known fraud. If employees see a fellow employee getting away with fraud and being compensated for doing so, it will be seen as a green light for other dishonest employees to cash in. When employees know that fraud will definitely be prosecuted, few are willing to attempt it.

For more information on fighting insurance fraud, please contact us.