

Insurance Fraud 101

Insurance fraud can be created by false claims submitted by policy holders, third-party claimants, or medical care providers. The suspect deliberately submits false information to an insurer to obtain unwarranted reimbursement on a claim or series of claims related to an insurance policy.

**INSURANCE FRAUD
COSTS AMERICANS
\$100 TO \$120 BILLION
ANNUALLY**

Insurance Fraud Affects Everyone

- Fraud is the second most costly white-collar crime in America (behind tax evasion).
- 25 percent of every premium dollar goes to pay for insurance fraud.

Examples of Insurance Fraud

- Falsifying a theft
- Obtaining a policy after a loss has occurred and making a claim
- Exaggerating property damage claims
- Intentionally causing or staging damage or accidents
- Falsifying property receipts
- Aiding, soliciting or conspiring to commit insurance fraud
- Submitting medical provider claims for services not rendered
- Billing for unlicensed medical providers
- Billing for complex procedures to receive higher reimbursements

State of Hawaii
Department of Commerce & Consumer Affairs

Insurance Division

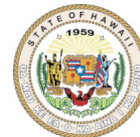
335 Merchant Street, Room 213
Honolulu, Hawaii 96813

Office: 808-586-2796
Fax: 808-586-2880

Facebook & Twitter: @InsuranceHI
cca.hawaii.gov/ins



Rev. 9/27/2017



DCCA Insurance Division

What is Insurance Fraud?



Insurance Fraud Investigations Branch

The State of Hawaii's Insurance Fraud Investigations Branch was formed to conduct a statewide program for the prevention, investigation, and prosecution of insurance fraud cases and applicable state laws relating to insurance fraud. The Branch consists of an administrator, staff attorney, investigators, and a legal clerk.

Pursuant to Hawaii Revised Statutes §431:2-403, it is illegal to:

- present a false claim;
- present false information on a claim;
- file multiple claims for the same loss or injury, except when appropriate;
- provide legal assistance or counsel with the intent to obtain benefits or recovery through these means.

The law applies to claims under any type of insurance coverage, except worker's compensation.

Penalties

An individual who commits insurance fraud may be charged with:

- Class B felony for fraud of more than \$20,000 - ten years in jail and/or \$25,000 fine
- Class C felony of more than \$750 - five years in jail and/or \$10,000 fine
- Misdemeanor for fraud of \$750 or less - one year in jail and/or \$2,000 fine

Beware of Insurance Agent Scams

Fake insurance companies or agents defraud consumers by taking money for premiums on bogus policies with no intention of paying claims. Scammers may offer policies at costs that are significantly lower than competitors' prices. They might be difficult to reach by phone if there is even a listed phone number.

There are also legitimate companies that sell non-insurance products marketed to look like real insurance. For example, an agent working for a company selling health discount plans might call the plan insurance when it is really an unregulated, non-insurance product.

A dishonest insurance agent might collect premiums from a customer without reporting them to the company. The consumer believes their premiums are paid while the insurance company has no record of payment and cancels or does not renew the policy. If you do not receive an insurance ID card or a copy of your policy in a timely manner, check with the company to see if your premiums have been applied to your policy.

WORKING TOGETHER TO REDUCE FRAUD WILL LOWER THE COST OF INSURANCE

What Can You Do?

Stop. Check. Confirm.

If you are unsure about an insurance company or agent, **stop** before signing any paperwork or issuing payment; **check** with the Insurance Division; and **confirm** the company or agent offering insurance is legitimate and licensed to sell insurance in the state.

Taking precautions won't bother honest agents and insurers.

If you believe you're a victim of insurance fraud, or are aware of fraudulent activity, take action.

808-587-7416 (Oahu)

808-274-3141 (Kauai)

808-984-2400 (Maui)

808-974-4000 (Hawaii Island)

800-468-4644 (Molokai & Lanai)

Ask to be transferred to extension 77416

Civil Immunity

A person, acting without malice, provides information to the Insurance Division's Fraud Investigations Branch or any other law enforcement agency for the purpose of preventing, investigating, or prosecuting insurance fraud shall not be subject to civil liability, except perjury.