

*Casualty Actuarial
Society*

Boston Meeting
November, 2009

A tale of the convergence of data
and fraud fighting

Insurance Fraud Bureau of Massachusetts

- ⊕ Created by legislation in 1990
- ⊕ Fighting fraud since 1991

Detail Claim Database

- ⊕ Created by AIB in 1993
- ⊕ Data from every auto injury claim since 1994

CIFI Program

⊕ **The Community Insurance Fraud Initiative**

⊕ **Started with an unfortunate incident:**

The death of a 65 year old grandmother in a staged accident plotted by her grandsons.

The First Task Force Formed

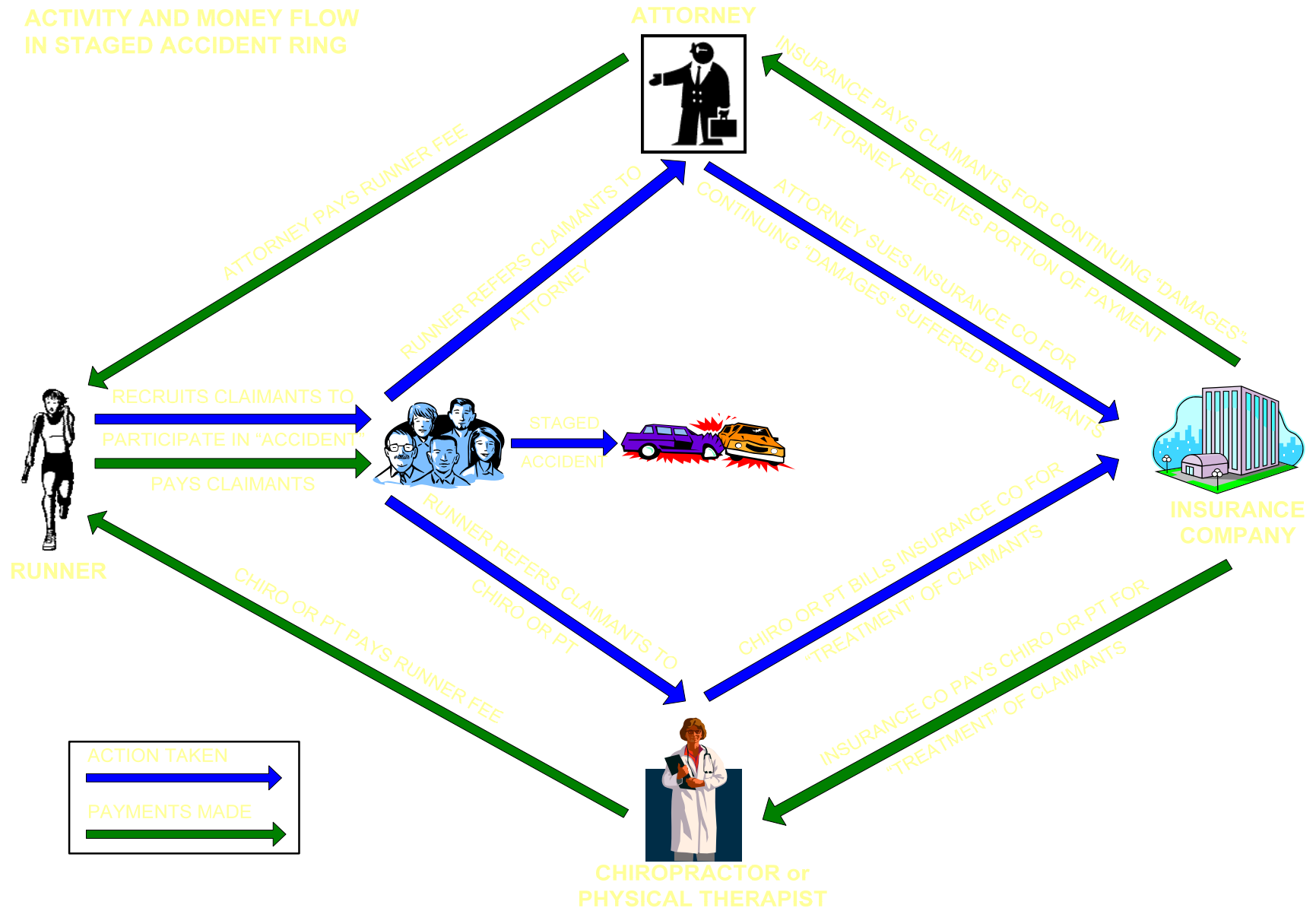
- Insurance Fraud Bureau
- Lawrence Police Dept.
- Essex County District Attorney
- Focuses on Auto Insurance fraud specifically in this city
- Concentrated effort is different from typical fraud fighting approaches
- And it works!!!

Staged Auto Accidents

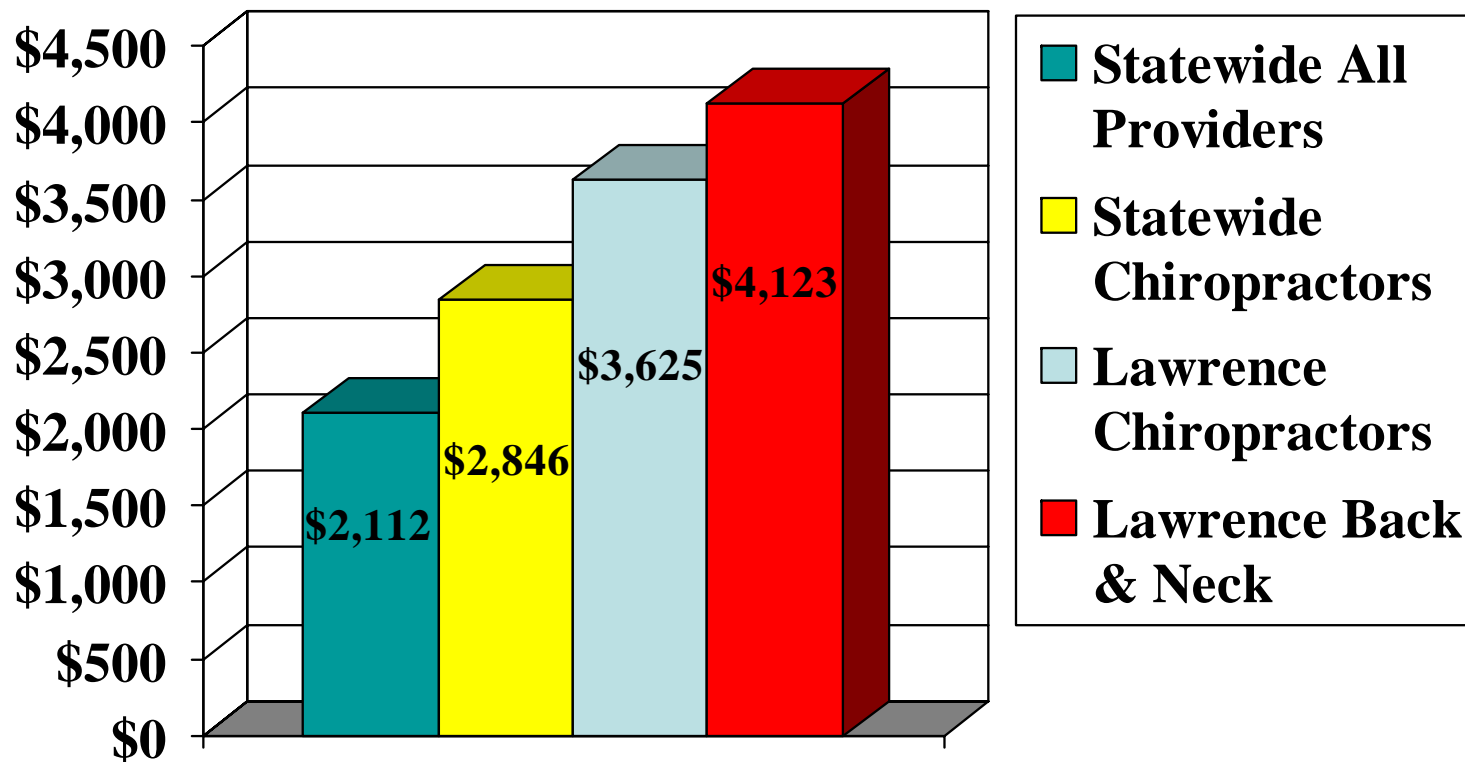


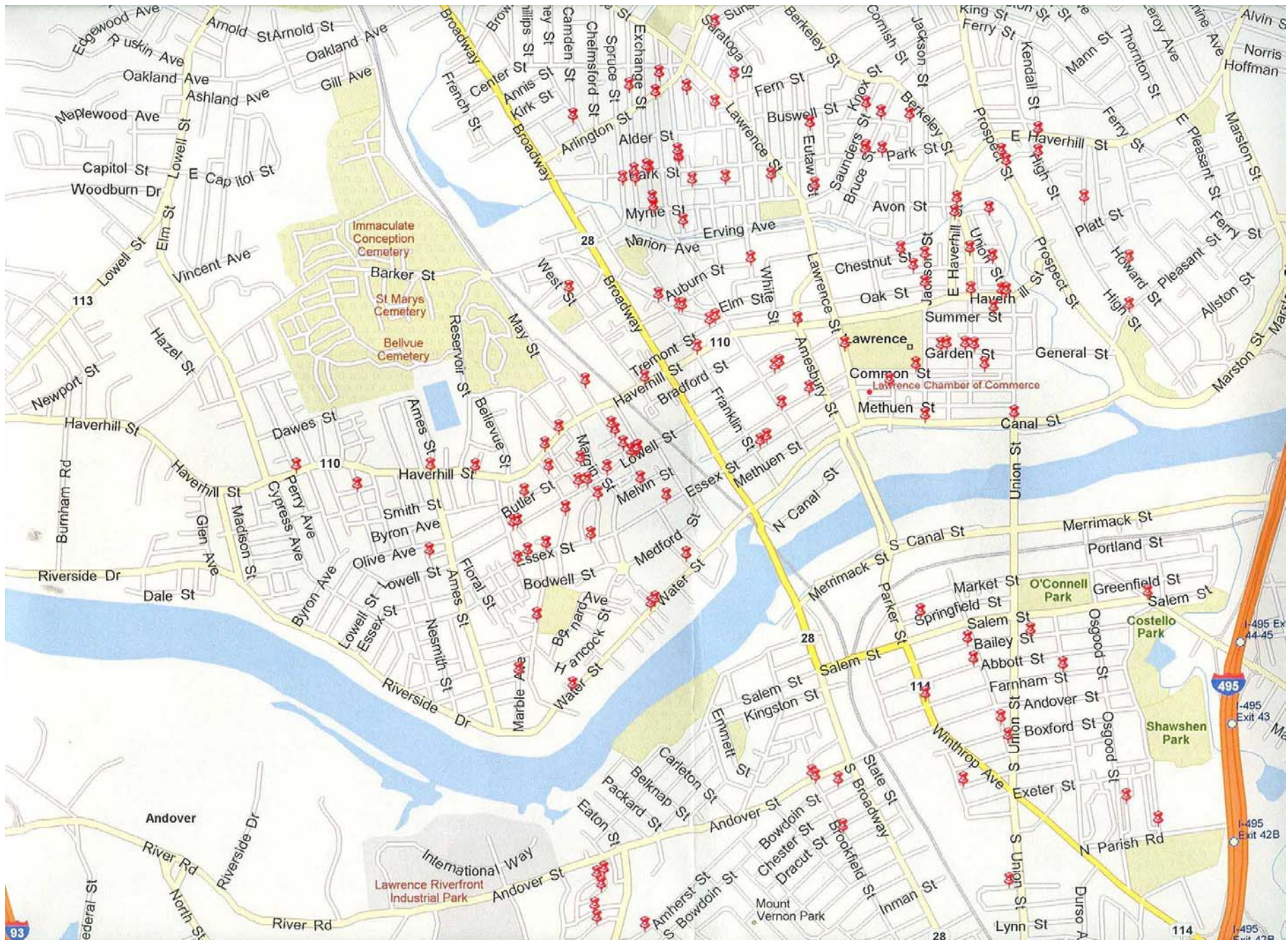
The Scheme and Players

ACTIVITY AND MONEY FLOW
IN STAGED ACCIDENT RING



PIP Average Amount Billed





Injury Prone Locations?

- Since 1996...
 - 20 injury claims
 - From 17 accidents
 - Involving 16 people
 - From this address on Park Street



Injury Prone Locations?

- Since 1996...
 - 23 injury claims
 - From 16 accidents
 - Involving 18 people
 - From this address on Arlington Street



Results to date in Lawrence

- 109 Cases referred for prosecution
- 389 individuals charged
 - Including attorneys, chiropractors, runners
- 140 convictions or other findings
- Auto claims way down
- Auto Premiums significantly lowered

Other problem areas

- Number of injury claims per 100 accidents
 - Lawrence 141
 - Boston sections
 - Roxbury 122
 - Dorchester 118
 - Hyde Park 104
 - Roslindale 90
 - Jamaica Plain 89
 - Statewide average 43

Other problem areas

- Number of injury claims per 100 accidents
 - Lawrence 141
 - Holyoke 100
 - Springfield 92
 - Brockton 93
 - Chelsea 77
 - Lowell 72
 - Lynn 71
 - Statewide average 43

CIFI Program

- ⊕ **2008** marked the five year anniversary of the inception of the CIFI program launched in Lawrence.
- ⊕ The formation of Community Insurance Fraud Initiatives (CIFI) throughout Massachusetts has proven to produce a positive effect on the fight against insurance fraud.
- ⊕ Each CIFI is comprised of local law enforcement personnel, IFB Investigators, a designated prosecutor from the local District Attorney's office as well as the Attorney General's Office and insurance company investigators.

CIFI Program

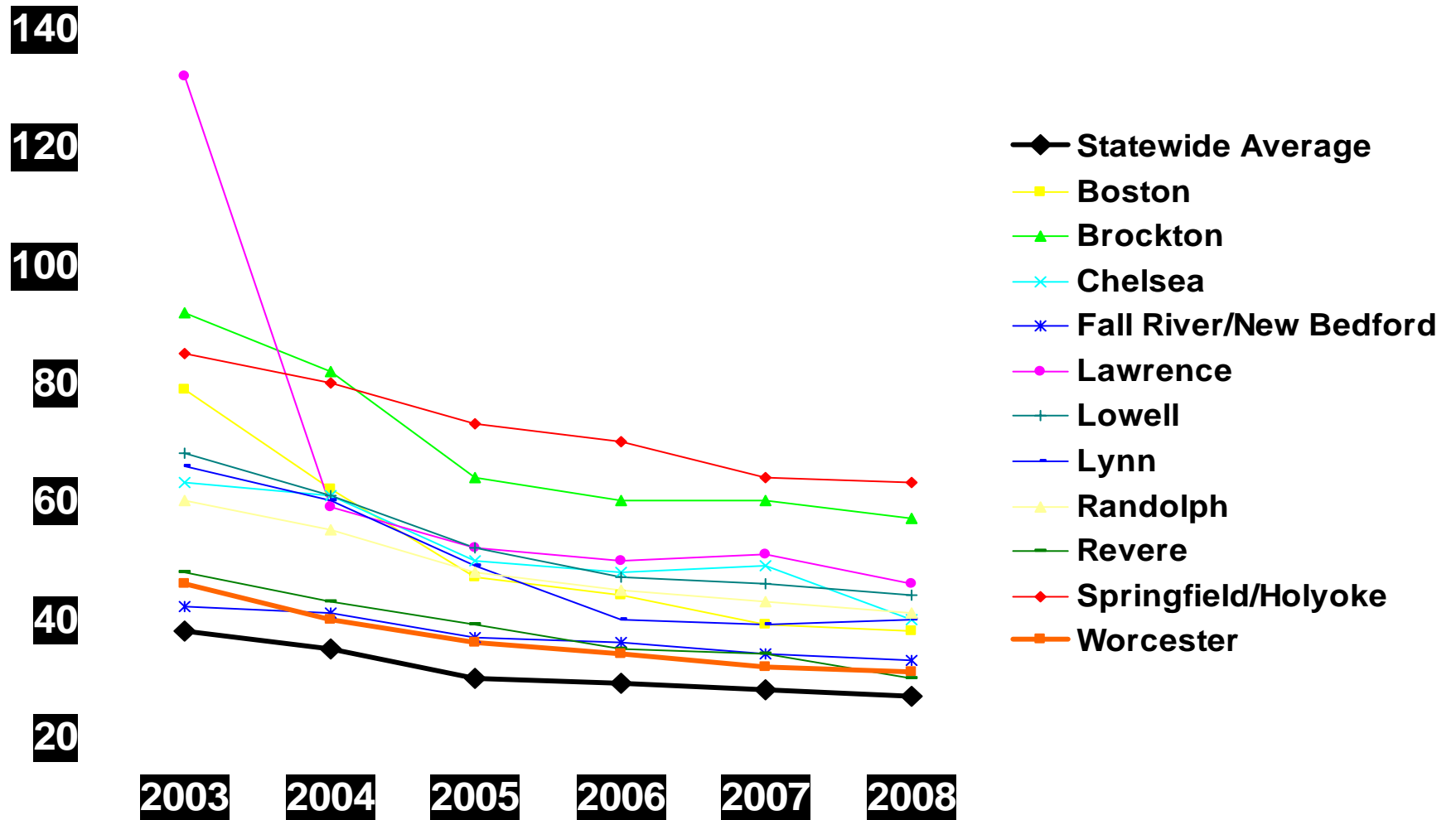
- ⊕ **CIFI offices expanded anti-fraud investigative efforts to surrounding cities in cases that arise in the same county as the CIFI office.**
- ⊕ **Worcester County: expanded to Fitchburg and Leominster**
- ⊕ **Norfolk County: expanded to include Holbrook and Quincy**

*Number of Injury Claims per
100 Accidents by Town*



**A key measure in detecting
the presence of fraud**

Injury Claims per 100 Accidents



Medical Provider Billings

- We have come to learn that those committing insurance fraud typically choose to treat with Chiropractors and Physical Therapists.
- The existence of High Volume practitioners (*those billing insurers for more than \$100,000 in treatments per year*) shows an interesting trend.

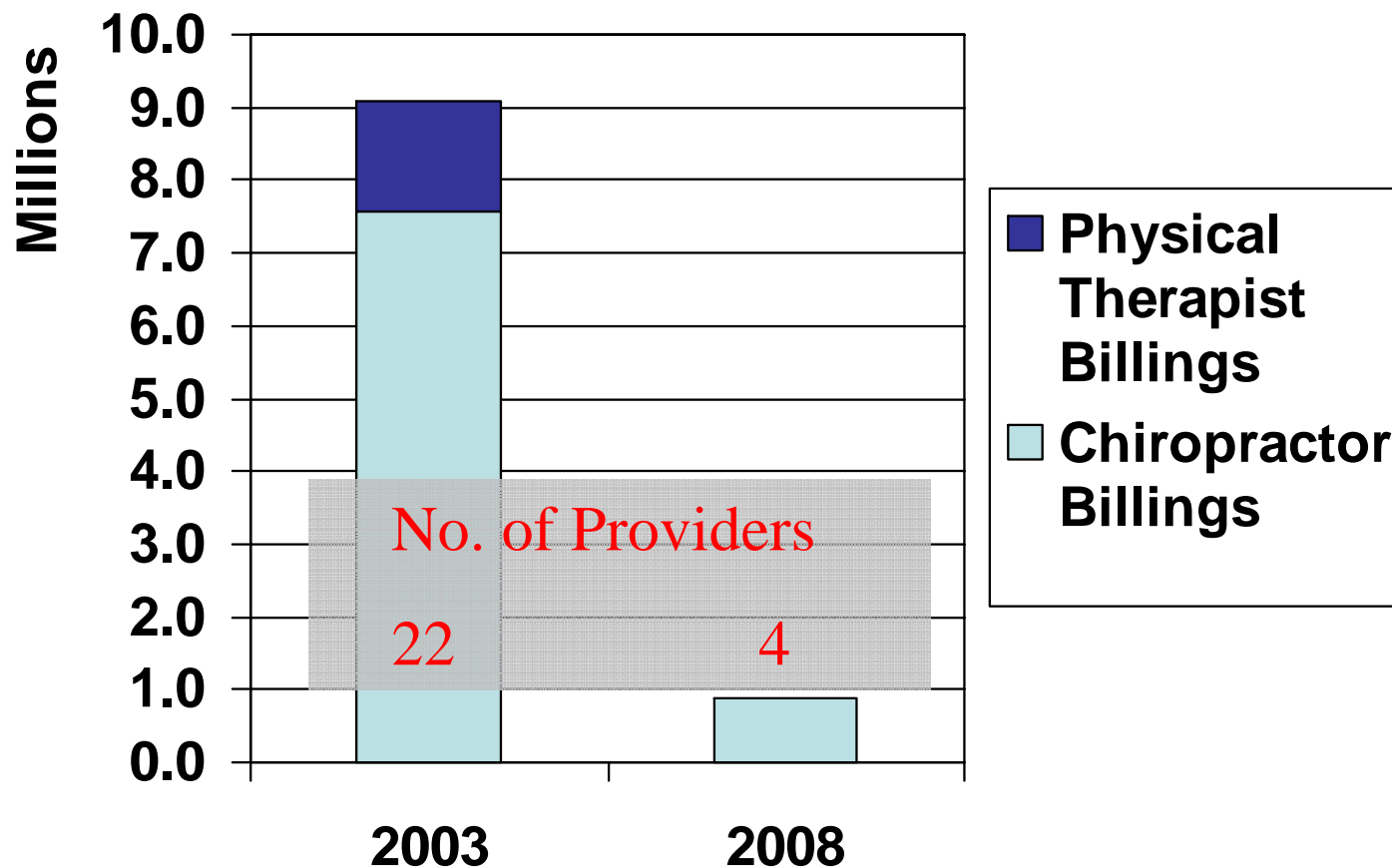
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High Volume Providers in CIFI Communities

Lawrence

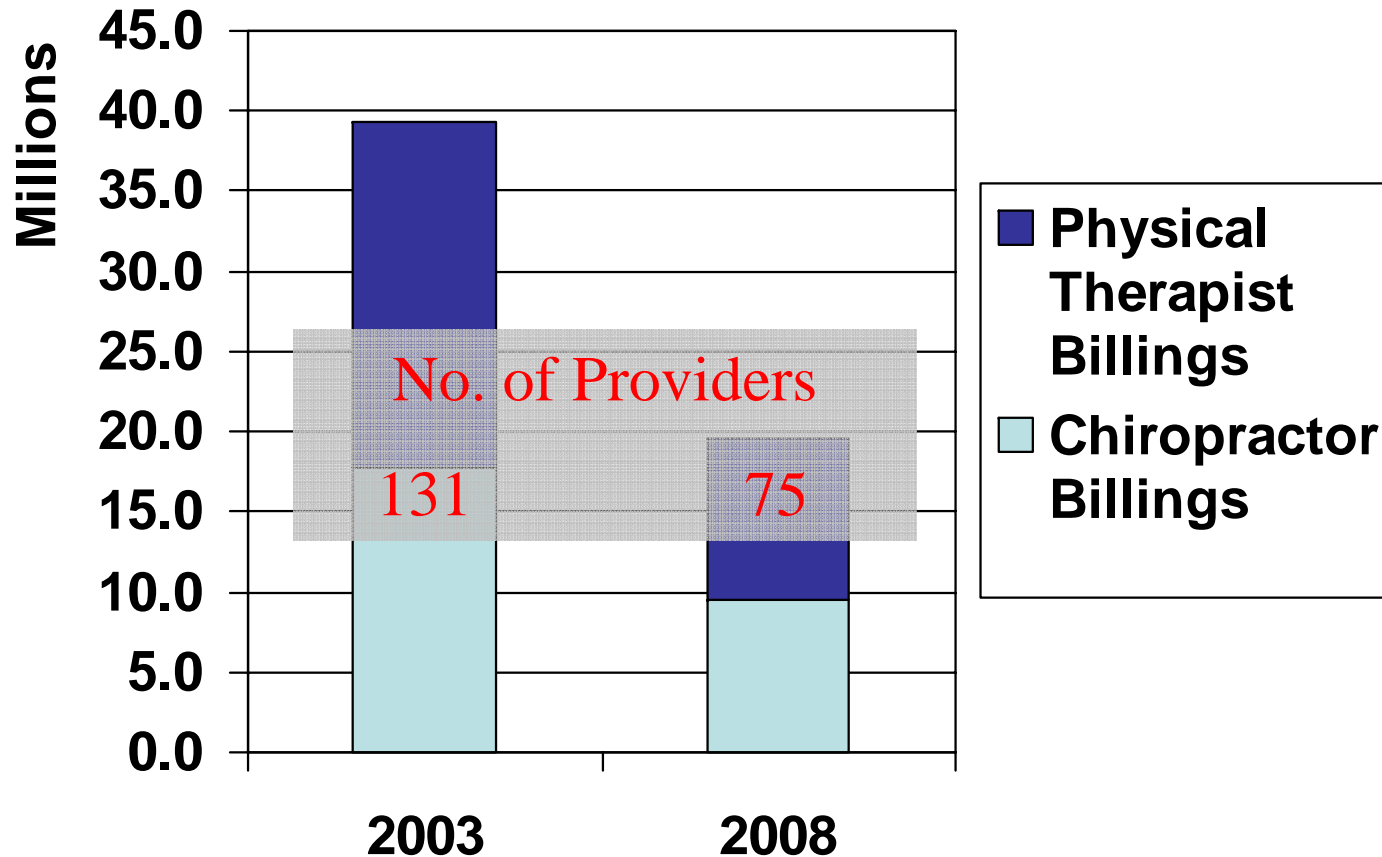
An \$8.2 million reduction



High Volume Providers in CIFI Communities

Boston

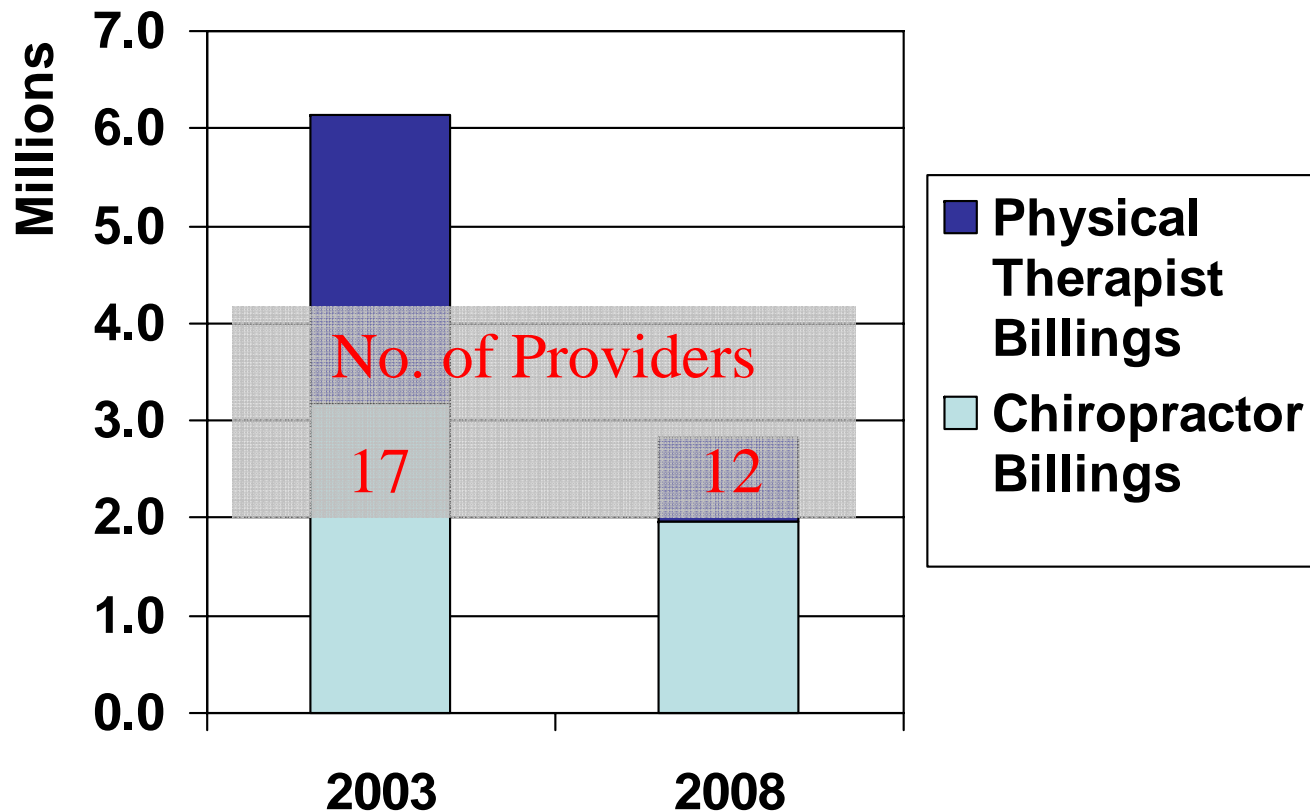
A \$19.8 Million Reduction



High Volume Providers in CIFI Communities

Lowell

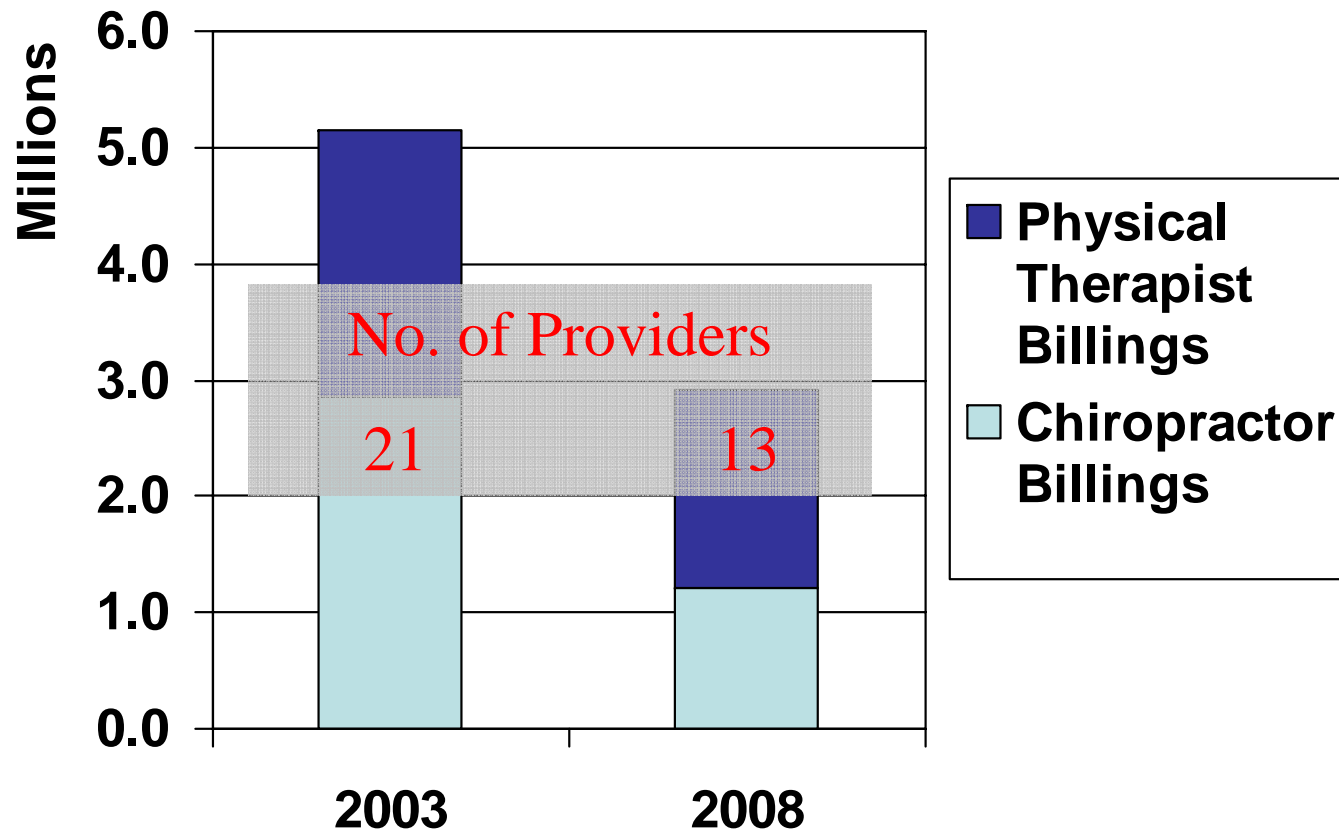
A \$3.3 million reduction



High Volume Providers in CIFI Communities

Lynn

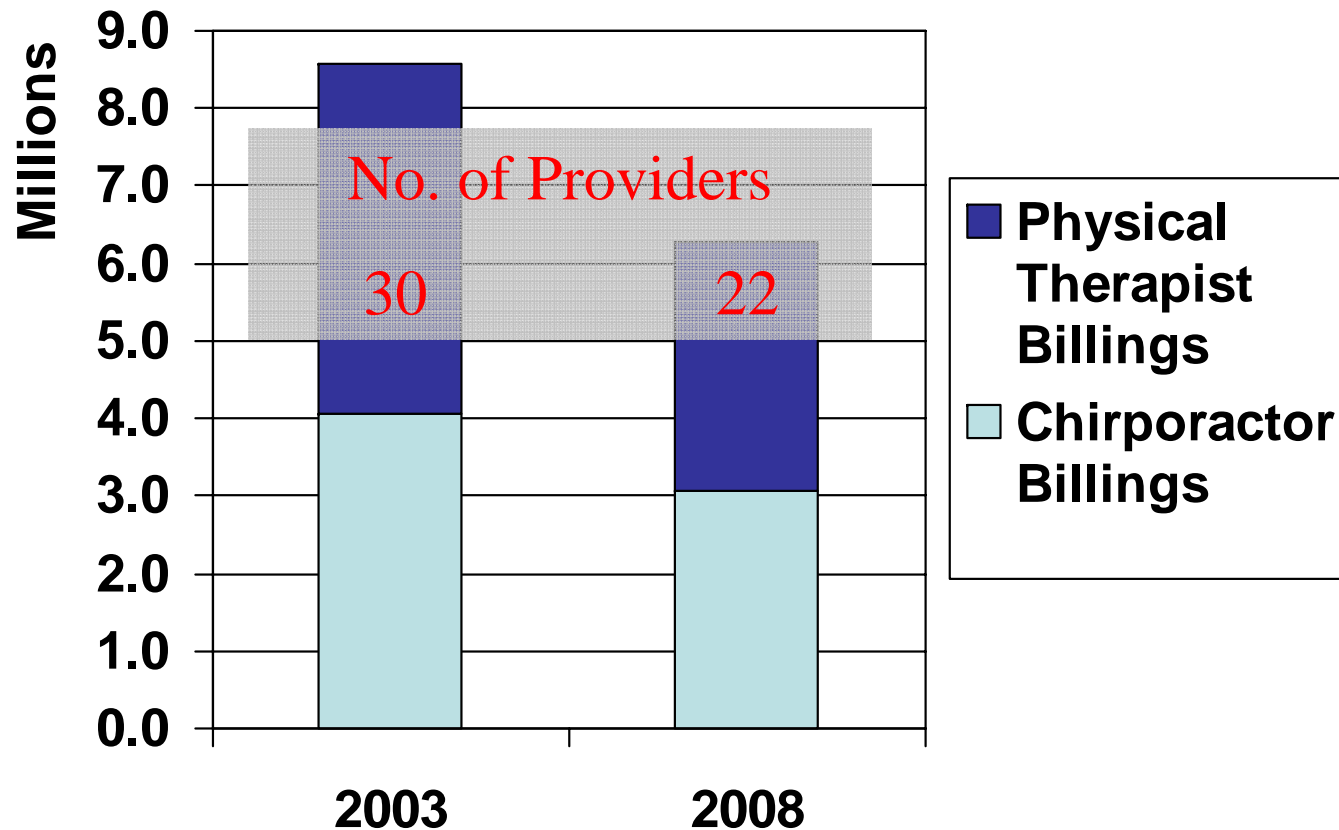
A \$2.2 million reduction



High Volume Providers in CIFI Communities

Brockton

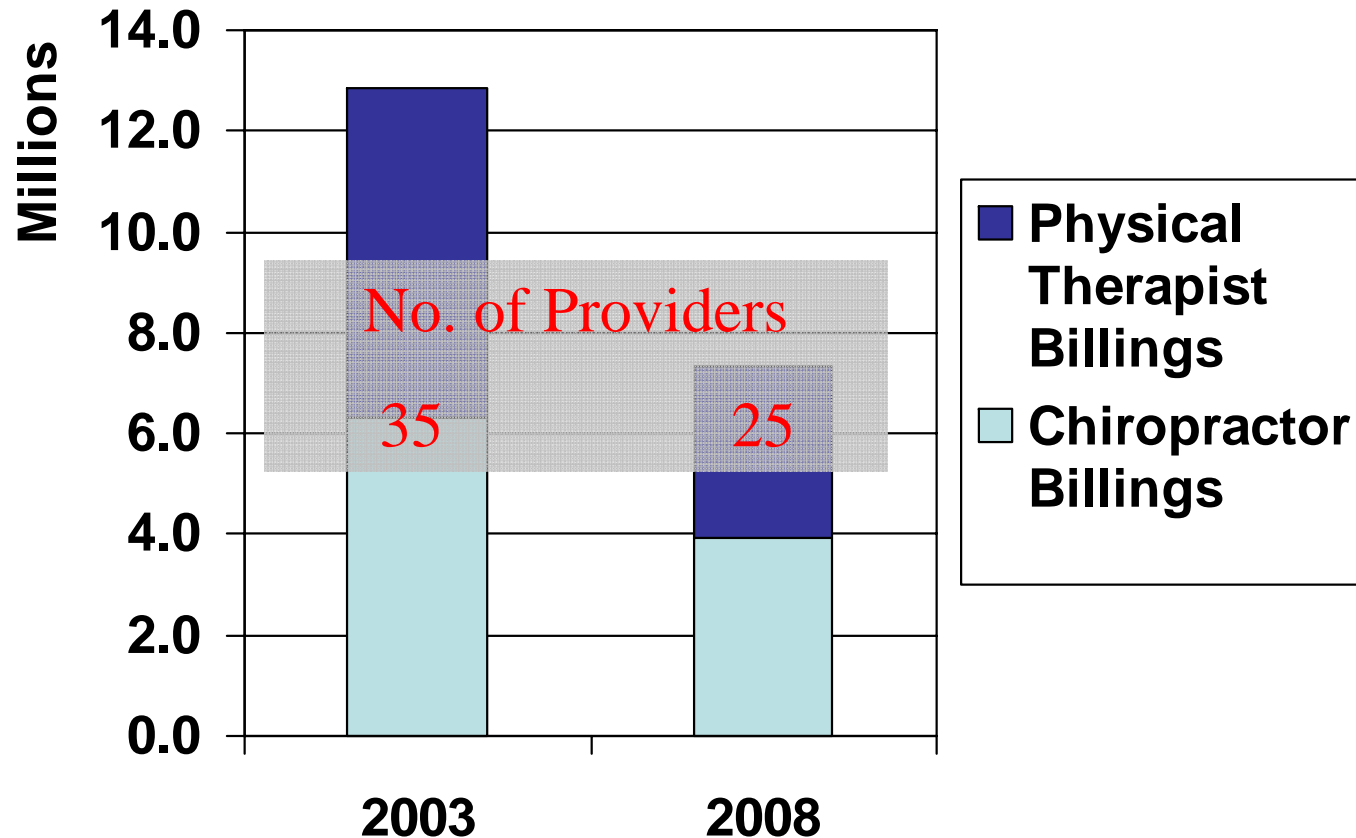
A \$2.3 million reduction



High Volume Providers in CIFI Communities

Springfield

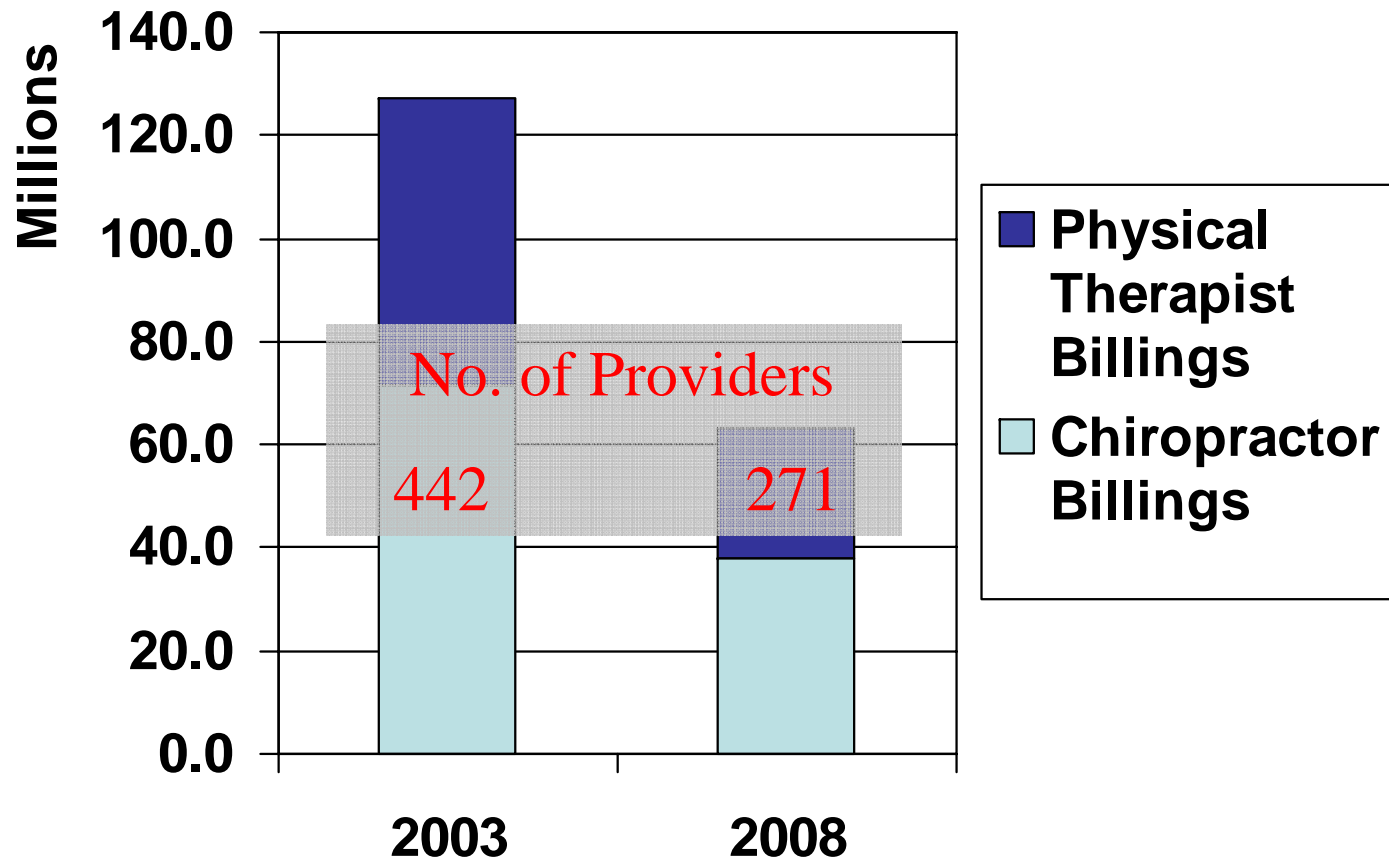
A \$5.5 million reduction



High Volume Providers in CIFI Communities

STATEWIDE

A \$63.8 million reduction



2008 Claim Reduction in CIFI Towns



\$270,269,389*

* *Savings in claim dollars attributed to the drop in claim activity when compared to the year prior to the creation of each CIFI office*

Claim Reduction State-wide



\$573,213,375*

- * *2008 compared to 2003*
- * *The savings results from increased fraud fighting, as well as other factors such as yearly weather conditions, road conditions, and general driving habits.*

Insurance Fraud Bureau

More information available at

www.ifb.org

