



Annual Casualty Loss Reserve Seminar

Insurance Fraud and Crime – What the NICB is doing to Combat Insurance Fraud

Joe Wehrle

President and CEO

September 11, 2015
Grand Ballroom B

Mission-Driven, Results-Focused

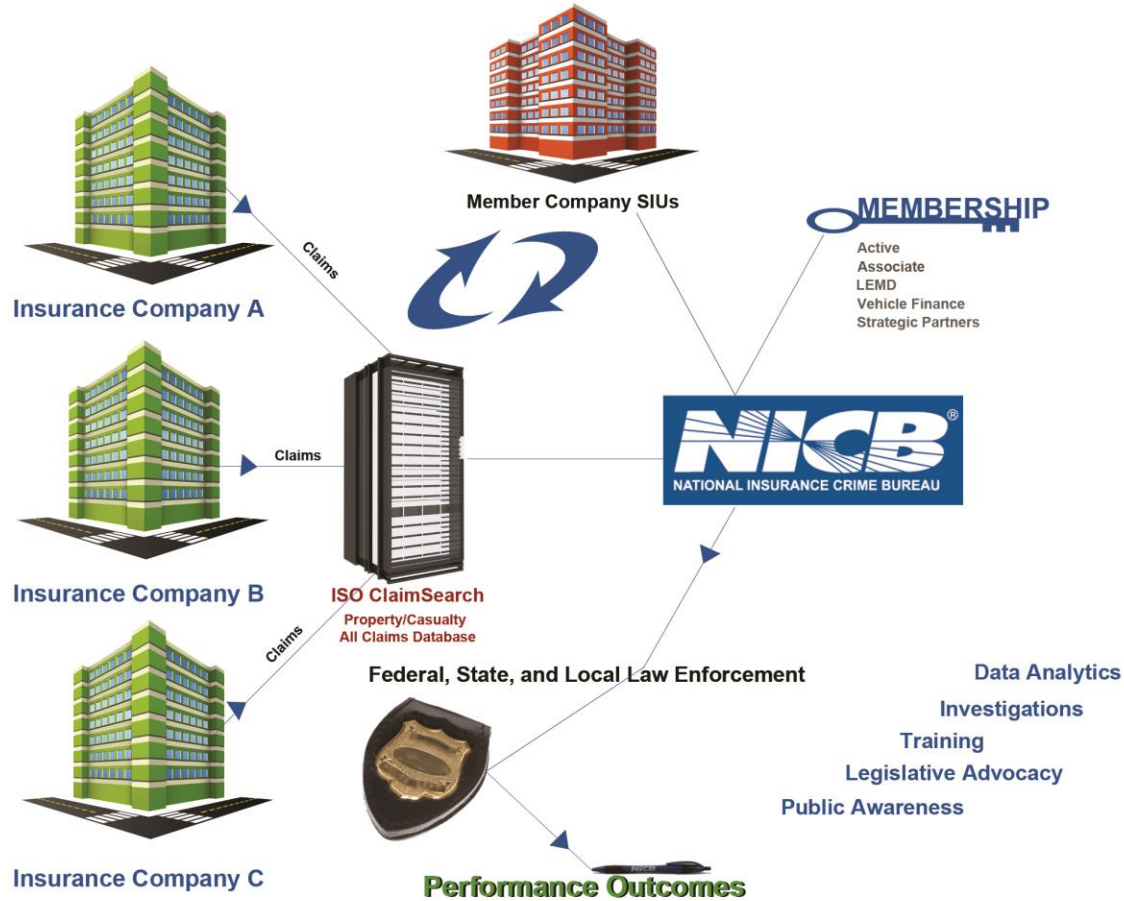
Antitrust Notice

- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
- Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.
- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

Key Facts

- Non-profit organization (www.nicb.org)
- 103-year history of established cooperation with federal, state and local law enforcement agencies
- Over 1,100 P&C insurance companies, rental car companies and self-insureds are members
- Extensive data sharing between the entities
- Success of the relationship is built on trust between the insurance industry, law enforcement and NICB
- \$49M in Revenue - ROI: 9:1

NICB Business Model



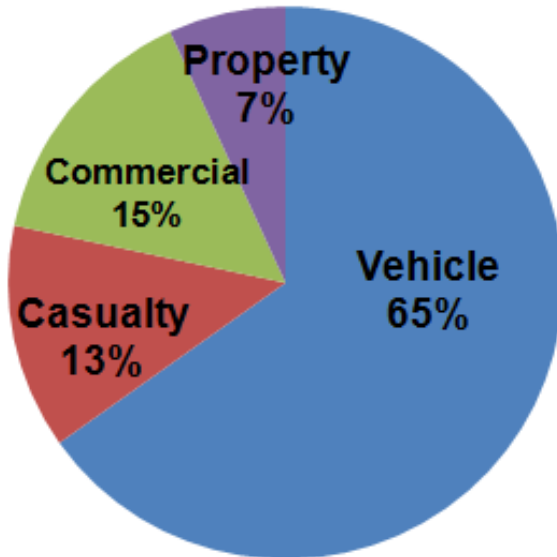
Priorities



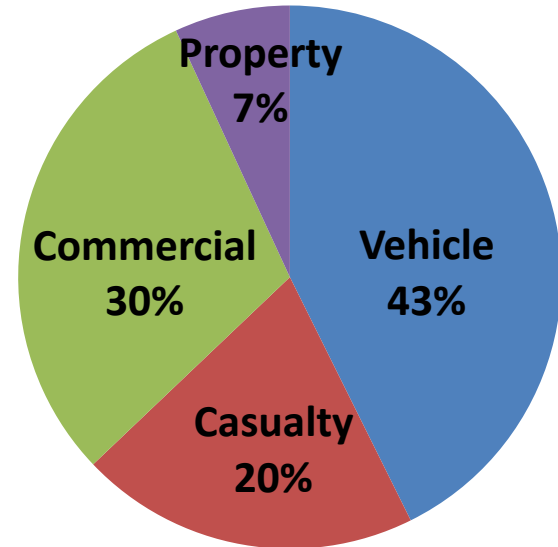
- Medical Fraud
- Commercial Fraud
- Vehicle Crime

Investigations - PAAs

2008



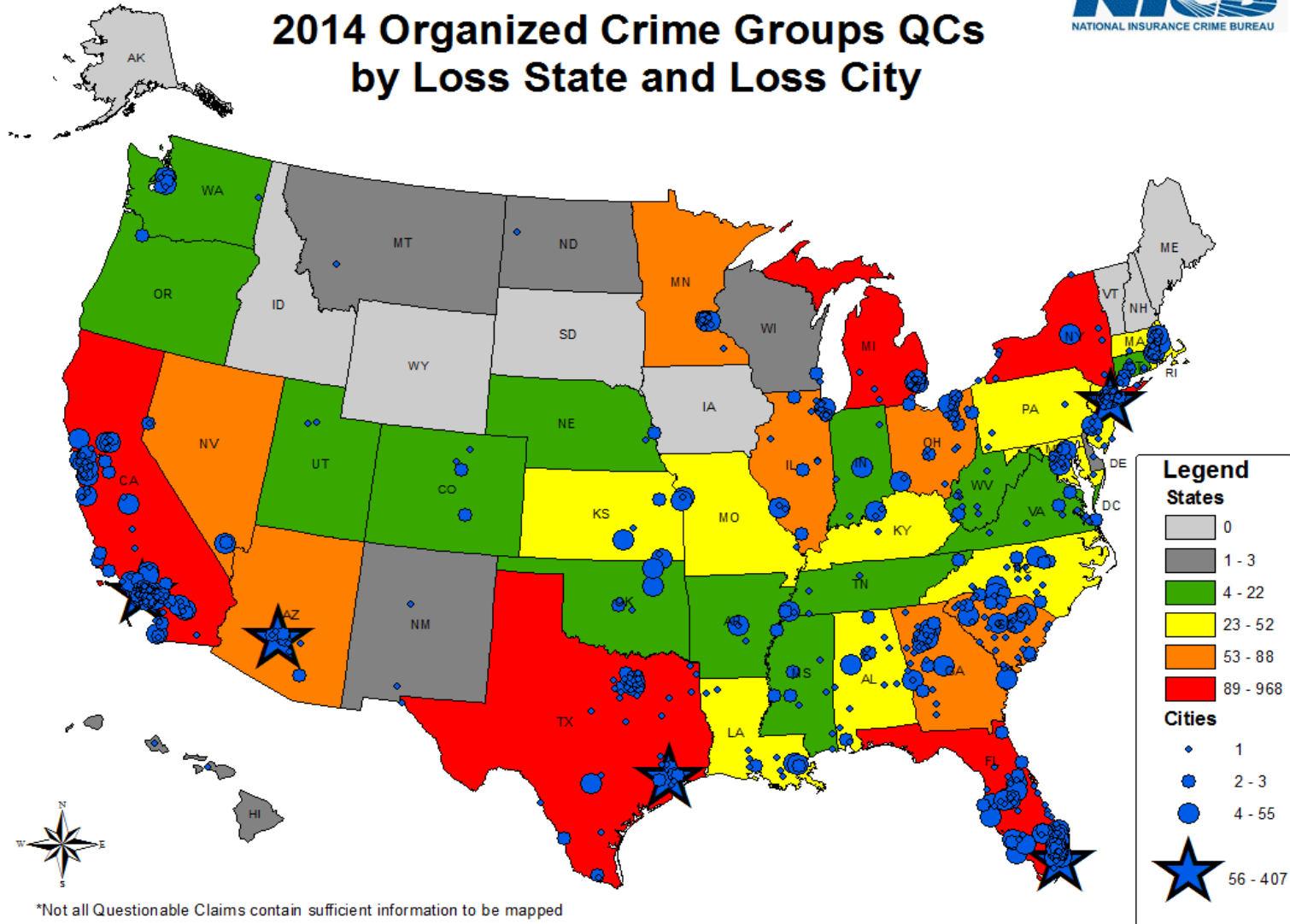
2014



- Vehicle
- Casualty
- Commercial
- Property

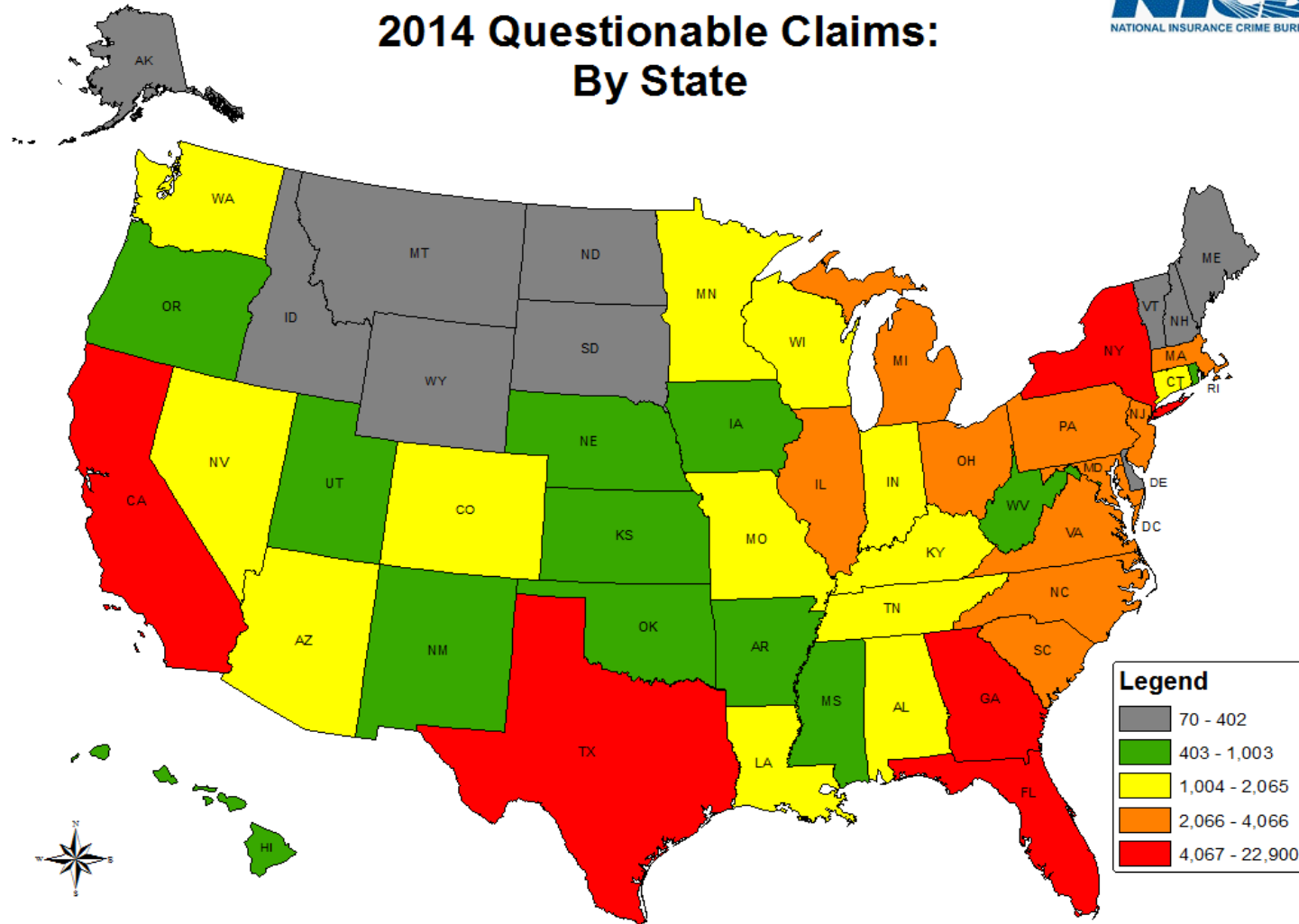
Prosecutive Administrative Actions

2014 Organized Crime Groups QCs by Loss State and Loss City



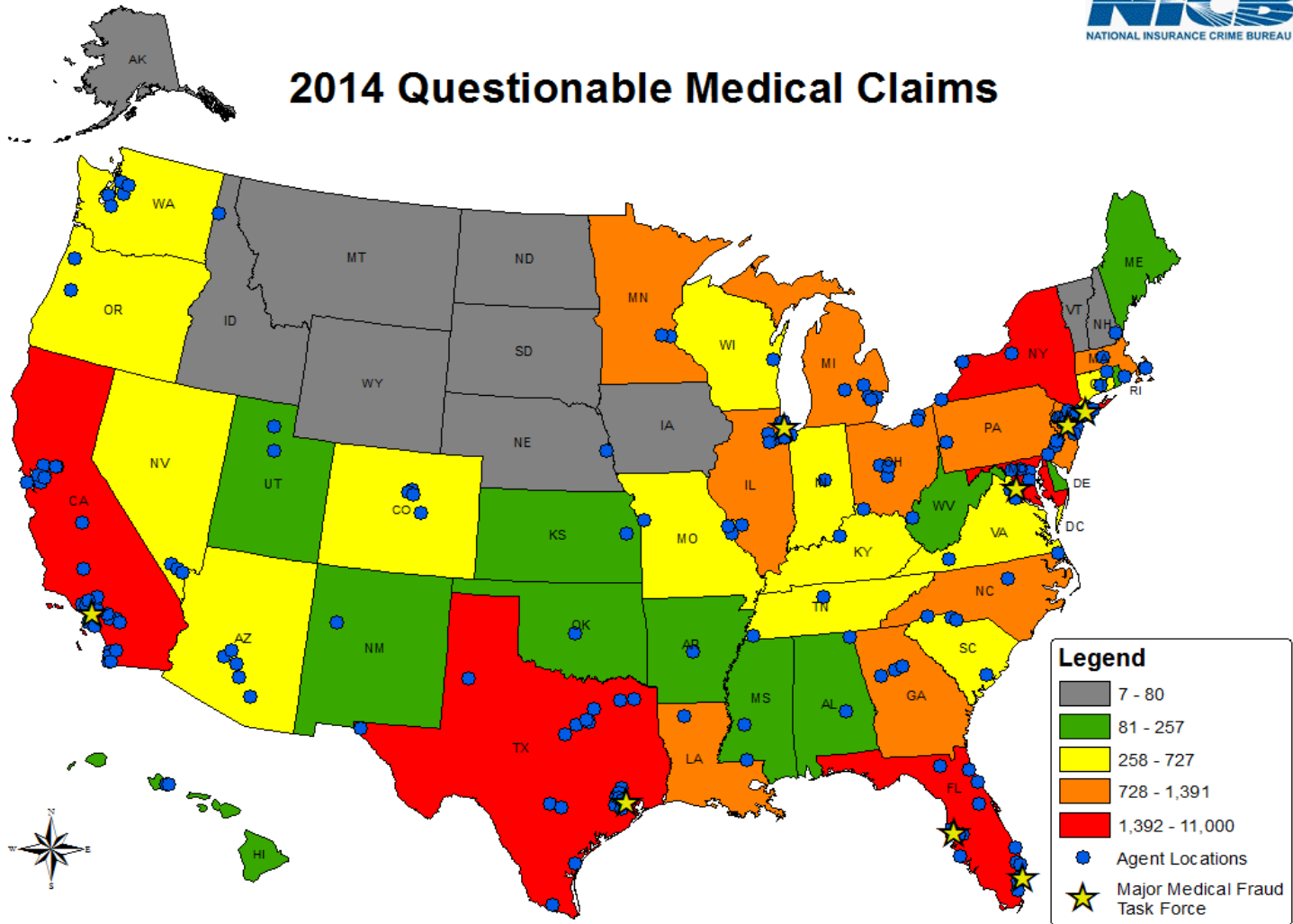
*Not all Questionable Claims contain sufficient information to be mapped

2014 Questionable Claims: By State

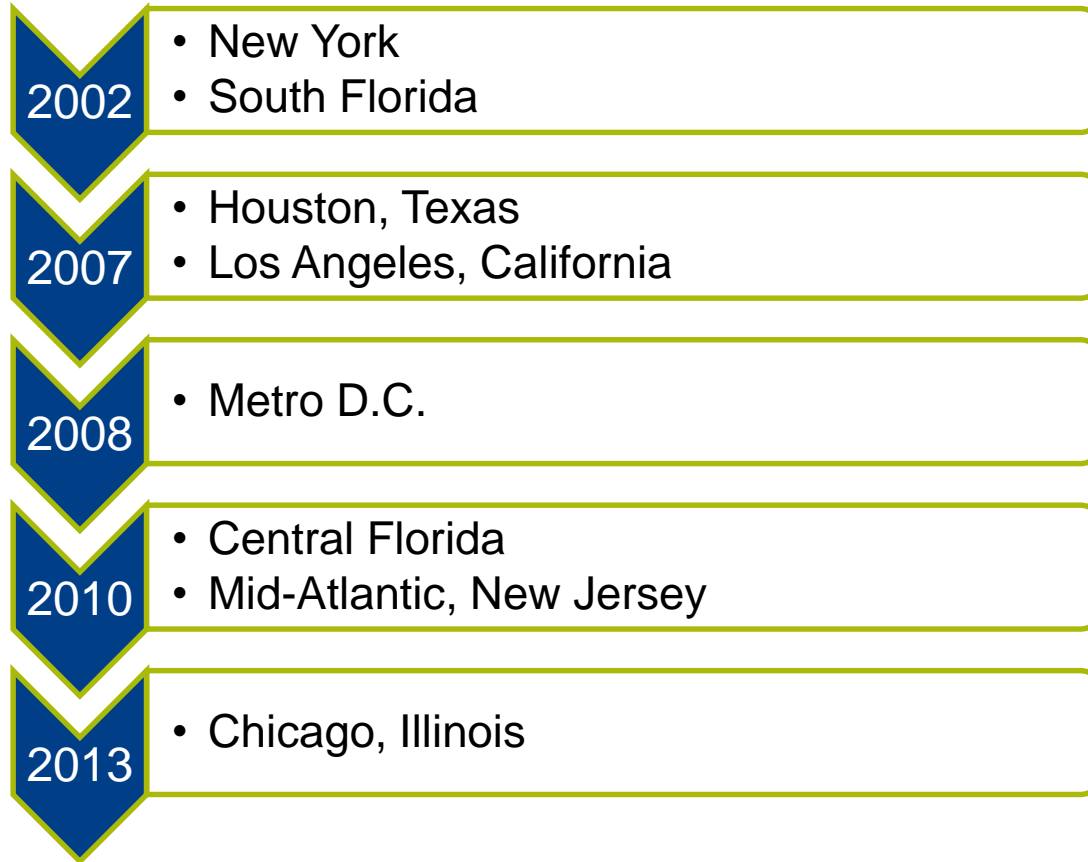


*Not all Questionable Claims contain sufficient information to be mapped

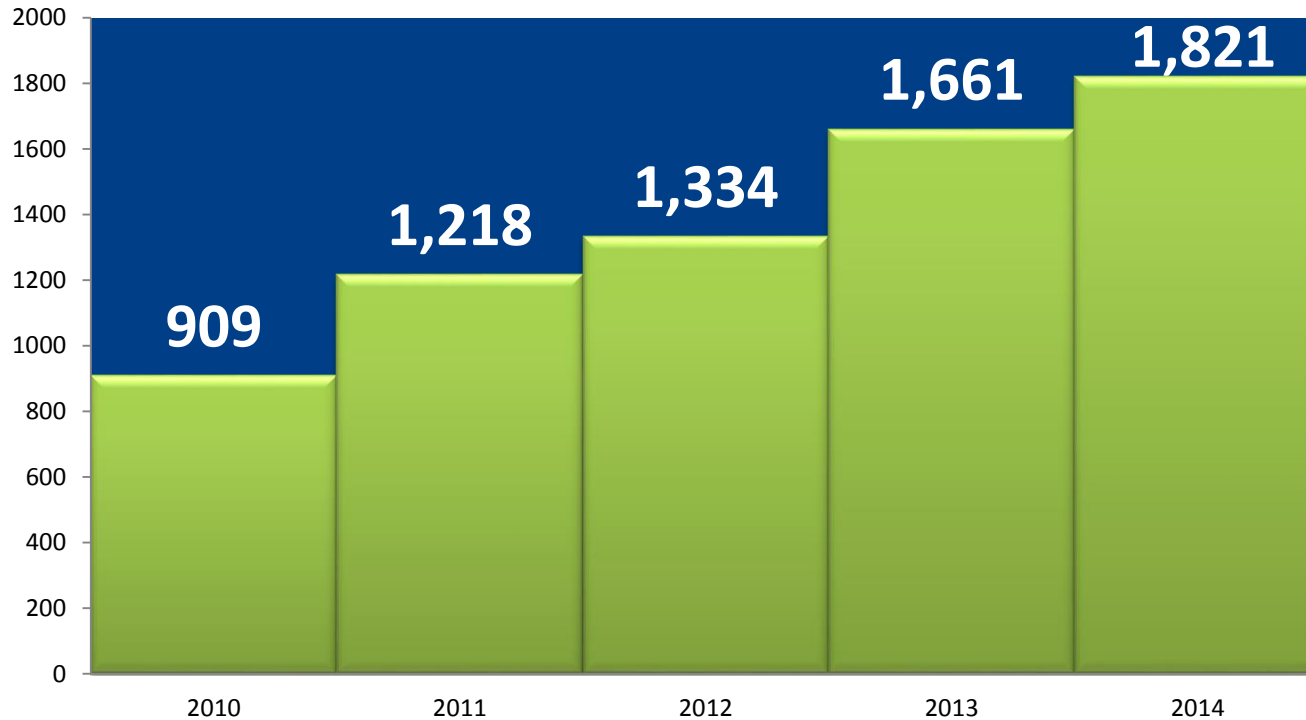
2014 Questionable Medical Claims



Medical Fraud Task Forces



Medical Fraud

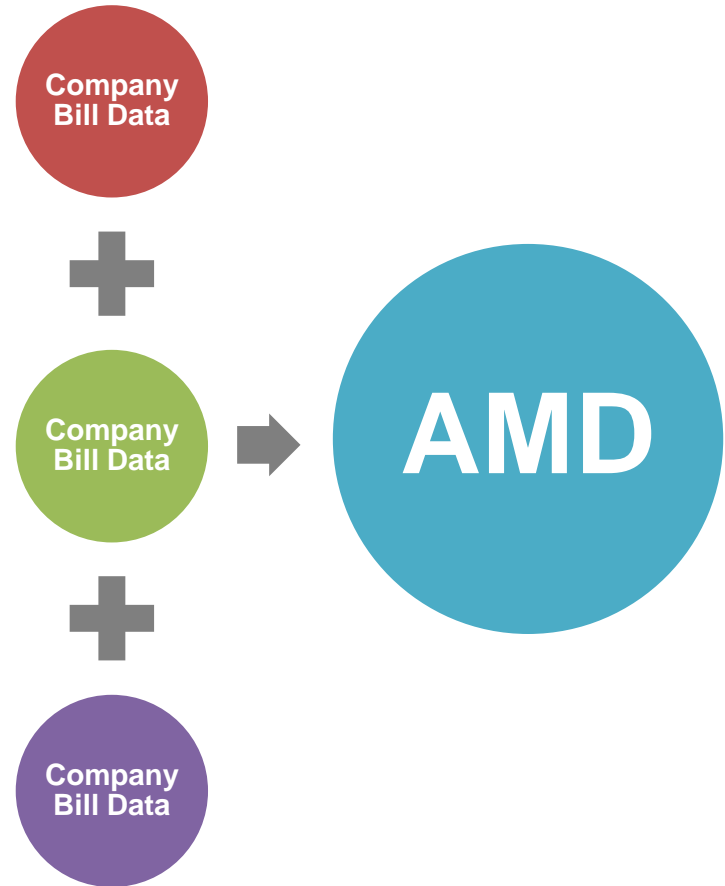


Prosecutive Administrative Actions

- Aggregate **medical bill data** (*without patient information*) from NICB members to apply fraud analytics in order to develop actionable information on suspect providers
- Disseminate *Med***AWARE**SM Alerts to participating members, as well as all NICB member companies

Aggregated Medical Database

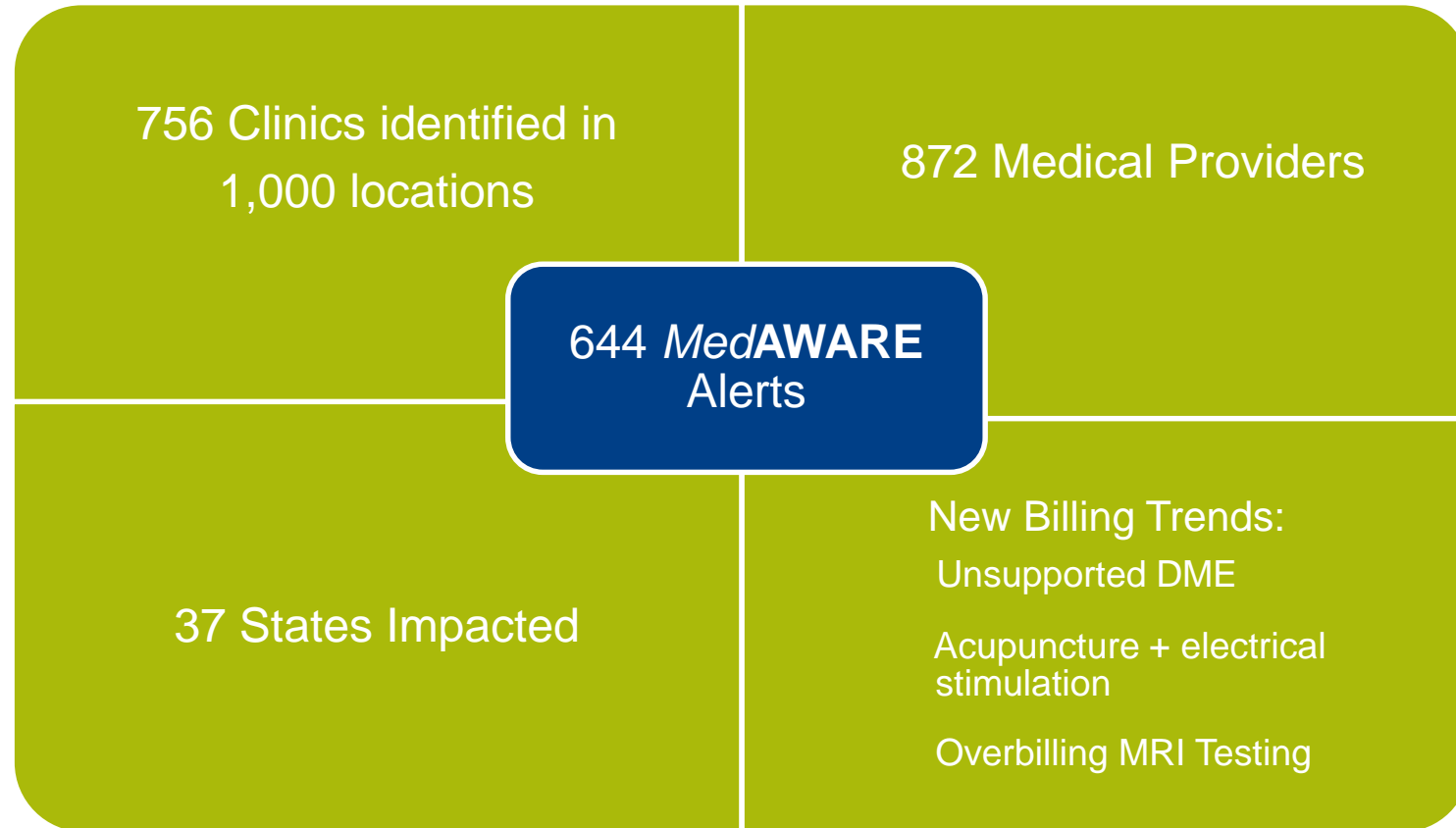
- 1) Aggregate medical bill data from NICB member companies across the industry
- 2) Apply fraud conditions to aggregated data
- 3) Identify suspect providers
- 4) Disseminate actionable information to NICB members through NICB's *MedAWARE*SM Alerts



AMD Fast Facts

- To date, 33 carriers implemented
- Currently, 3 additional carriers in progress
- NICB pursuing 4 additional contributors based upon market share

2014 MedAWARE Alerts



644 *MedAWARE*
Alerts

756 Clinics identified in
1,000 locations

872 Medical Providers

37 States Impacted

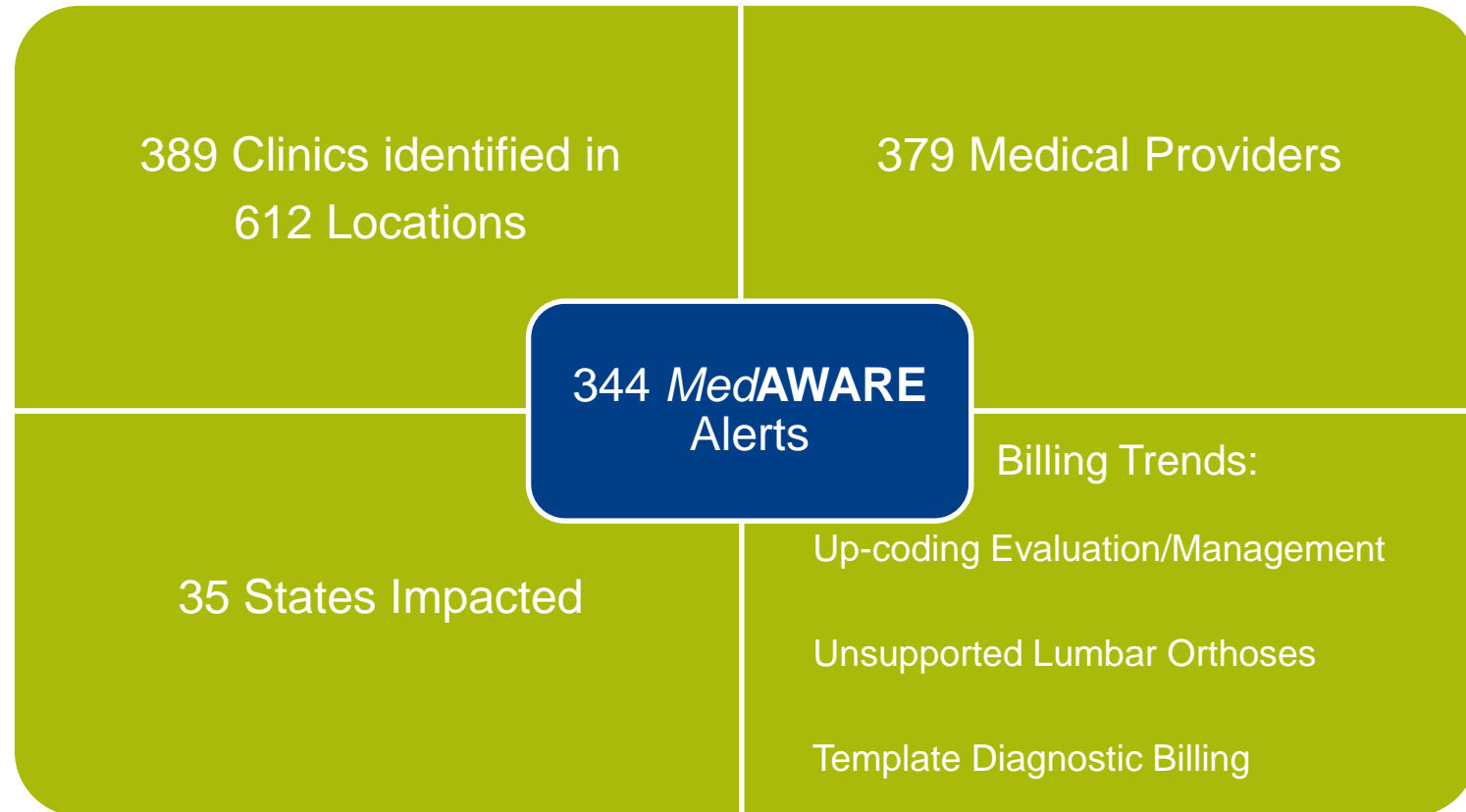
New Billing Trends:

Unsupported DME

Acupuncture + electrical
stimulation

Overbilling MRI Testing

2015 (2nd Qtr.) *Med*AWARE Alerts



- Sharing of information between public and private industry...criminals don't discriminate...they'll take money from anyone
 - Medicare/Medicaid
 - Healthcare industry
 - P&C
 - NICB Congressional visits
- Key Recommendations
 - Create an atmosphere of trust/break down silos
 - Partnership must be flexible to address future fraud schemes
 - Metrics to measure success
- NICB is a member of the Executive Board

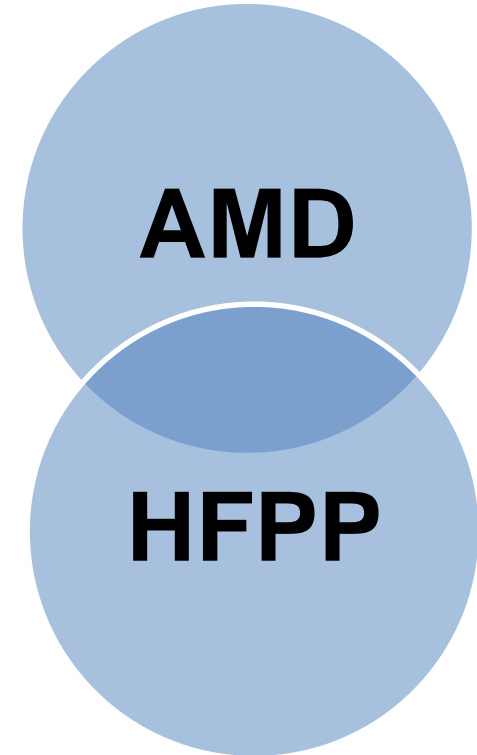


NICB AMD & HFPP: Study 1

Study 1 – Fraud Schemes/Misused Codes

All HFPP submitted schemes/codes were compared to thousands of suspect providers' billing data from AMD:

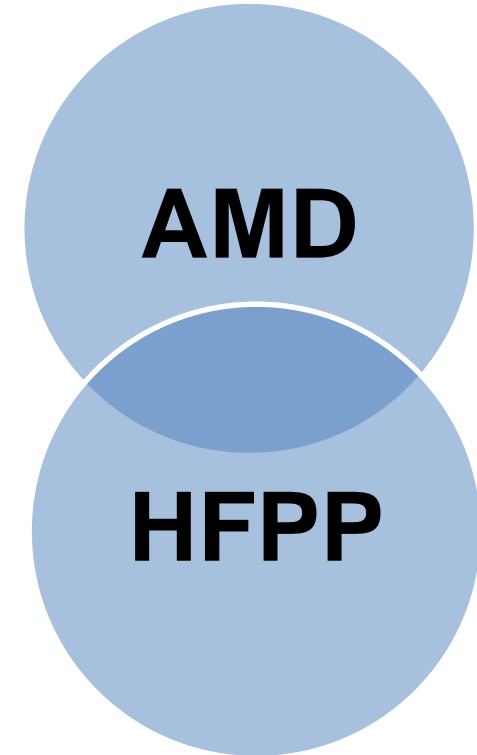
- More than **\$1 billion** in potential exposure of all submitted codes
- **105** potential schemes/codes reviewed
 - **82** – not applicable (without additional information)
 - **23** – potential effect on AMD members



Study 1: Analysis

Refined schemes/codes analyzed against AMD suspect providers' billing indicating:

- More than **\$188 million** in potential exposure
 - **23** Potential schemes/misused codes identified
 - **19** Already published in NICB *MedAWARE*SM Alerts
 - **4** remaining being tracked as future emerging trends

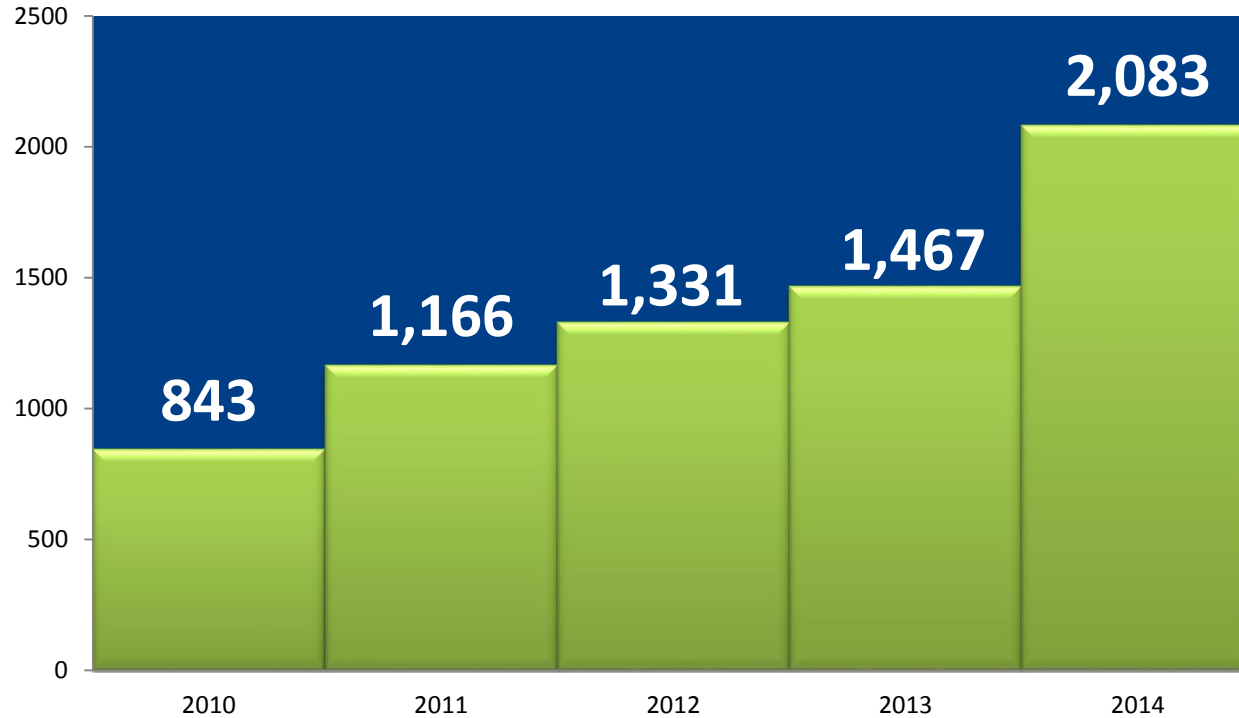


Vehicle Crime

- Vehicle Recovery
- Fraud Prevention Services
 - Bait Vehicle Programs
 - VIN Verifications
 - Straight Title Inspections
 - LPR Program
- Repatriation



Organized Vehicle Crime

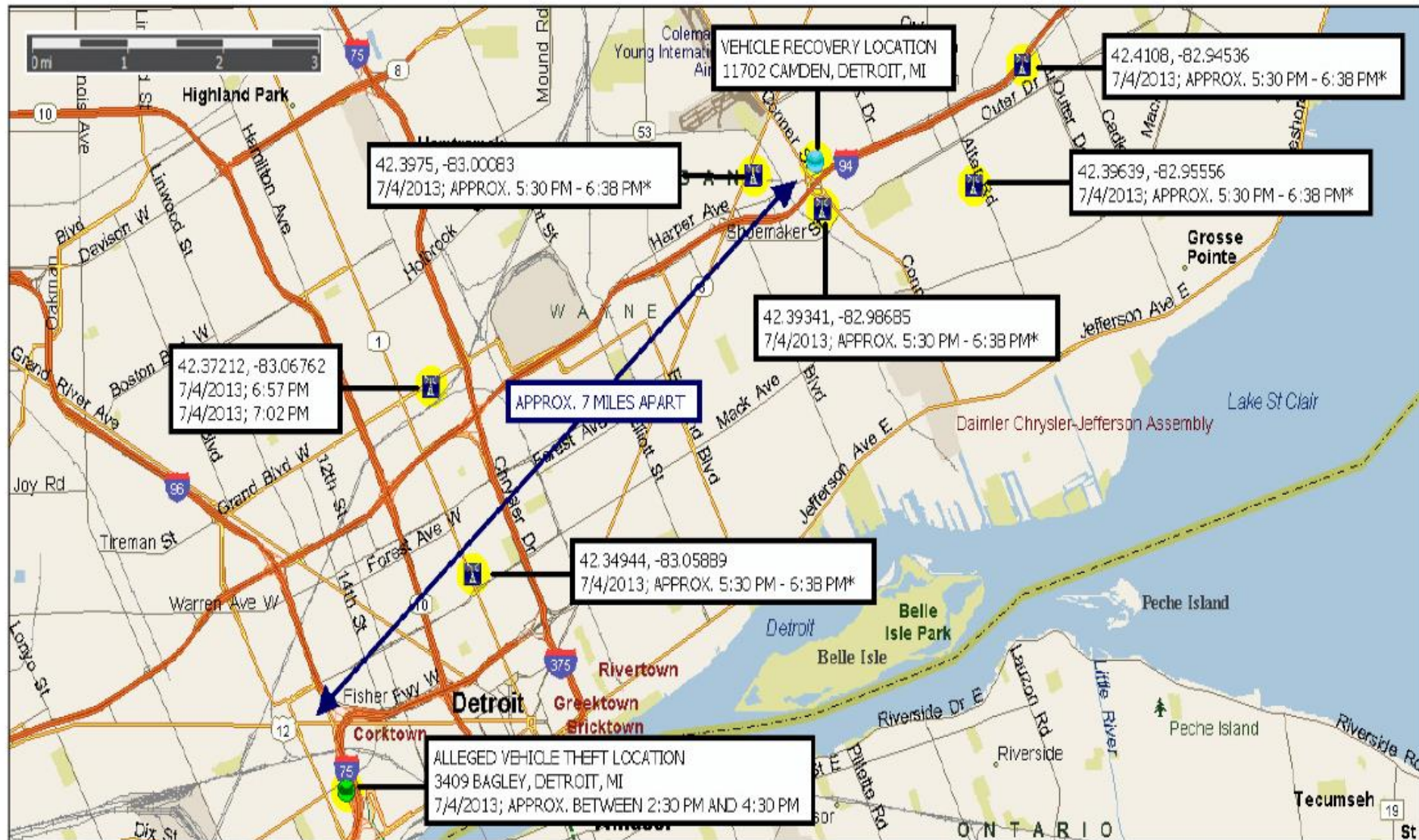


Prosecutive Administrative Actions

Detroit, Michigan – Investigation

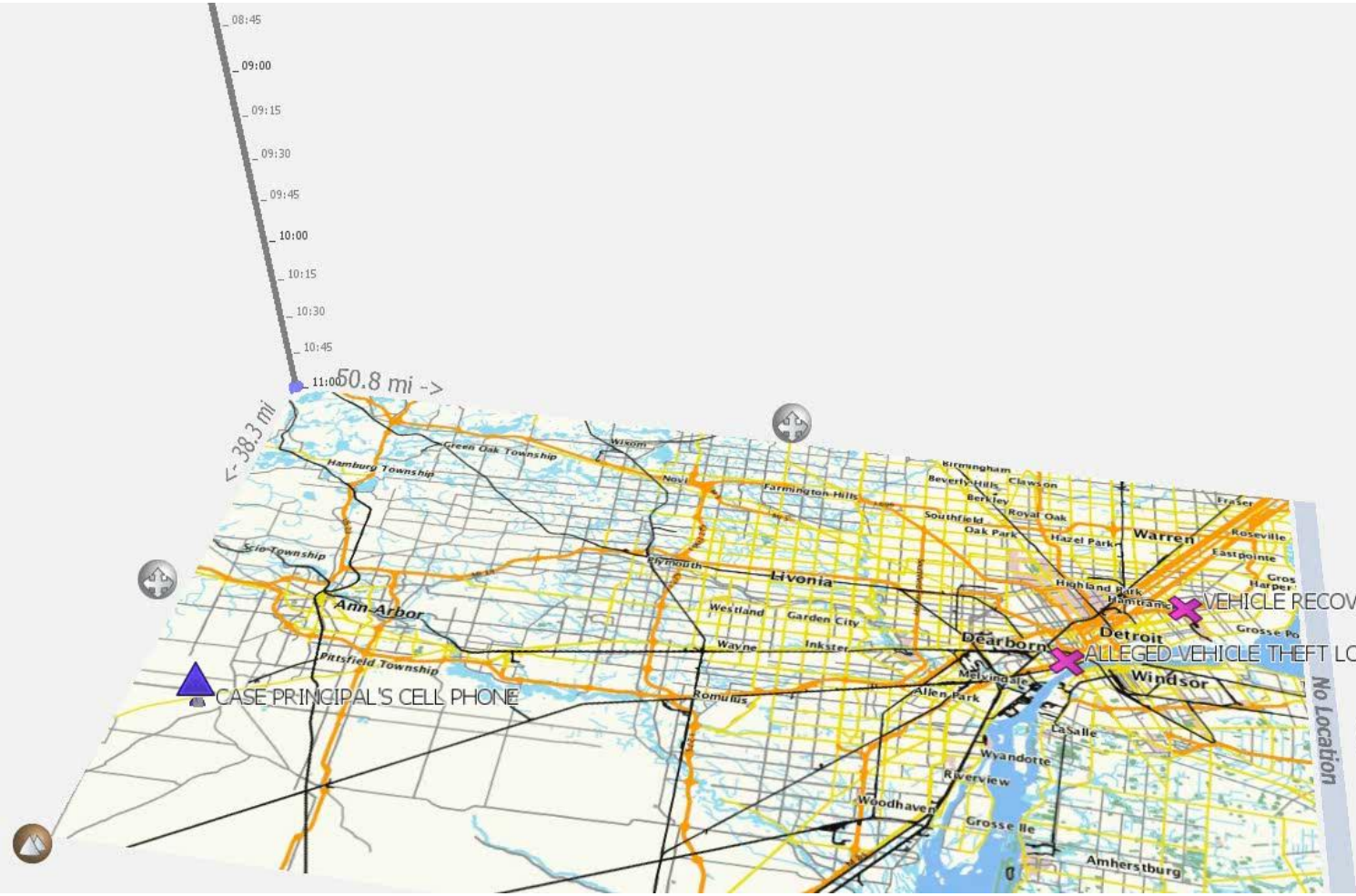
- Joint investigation with Wayne County Prosecutor's Office
- Alleged questionable vehicle theft – Owner give-up
 - 2012 Chevrolet Camaro
- New information learned during recovery process
- Search warrant for cellular telephone records

Inset view of cell phone events for (914) 512-0411:





08:10
09:00
12:00
15:00
18:00
21:00
Fri 5
03:00
06:00
09:00
12:00
15:00
18:00
08:15
08:30
08:45
09:00
09:15
09:30
09:45
10:00
10:15
10:30
10:45
11:00
11:01
Jul 04
2013



No Location



Detroit, Michigan – Investigation

- Cellular telephone records' analysis completed
 - Cell phone used in close proximity of the vehicle recovery location
 - Corroborated witnesses' story
- Insured pleaded guilty



Date: January 17, 2014
Regarding: C14 [REDACTED] (Midwest Region) (LAW ENFORCEMENT SENSITIVE)
Prepared by: Anna Kotsovos, Senior Tactical Analyst

Purpose of Analysis:

Analysis of historical cellular telephone call detail records (CDRs) to determine the whereabouts of the case principal's cellular telephone, and possibly the case principal, in relation to an allegedly stolen vehicle's recovery location.

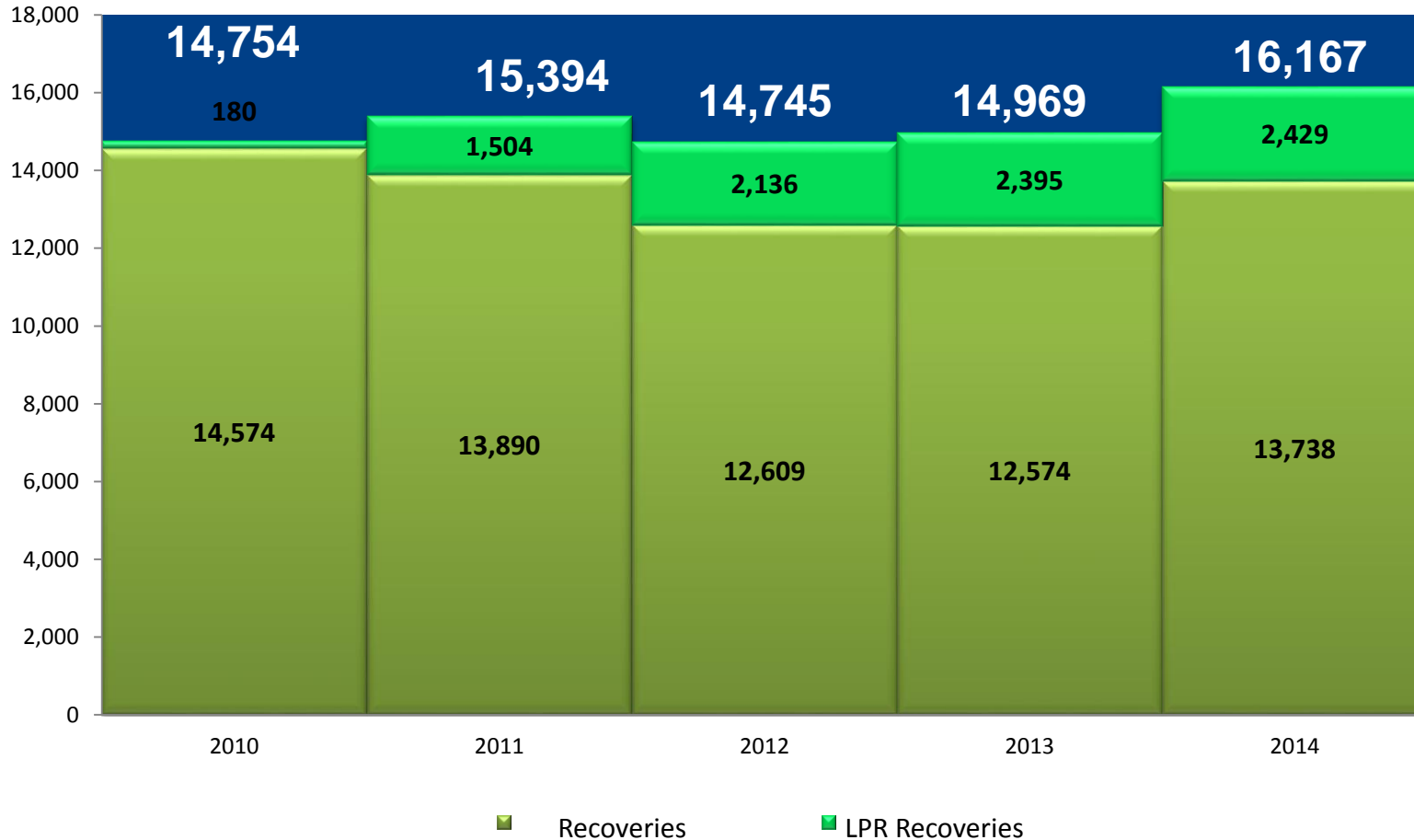
Sources of Information:

- Accurant Insurance Plus (AIP)
- Facebook
- Insurance Services Office (ISO) ClaimSearch
- National Insurance Crime Analysis Program (NICap)
- AT&T CDR

SECTION 1: CASE BACKGROUND

The National Insurance Crime Bureau and the Grosse Pointe Park (MI) Department of Public Safety (GPPDPS)/ACTION Auto Theft Task Force are investigating an alleged questionable vehicle theft. The vehicle, a 2012 Chevrolet Camaro (VIN: [REDACTED]), was reported as allegedly stolen while parked at [REDACTED] in Detroit, MI 48216. The insured, [REDACTED], stated the vehicle was allegedly stolen on 7/4/2013 between approximately 2:30 pm and 4:30 pm. The vehicle was recovered by the GPPDPS on 7/9/2013 at [REDACTED], Detroit, MI 48213, approximately 7 miles away from the alleged theft location. According to

Vehicle Recoveries - Member Company

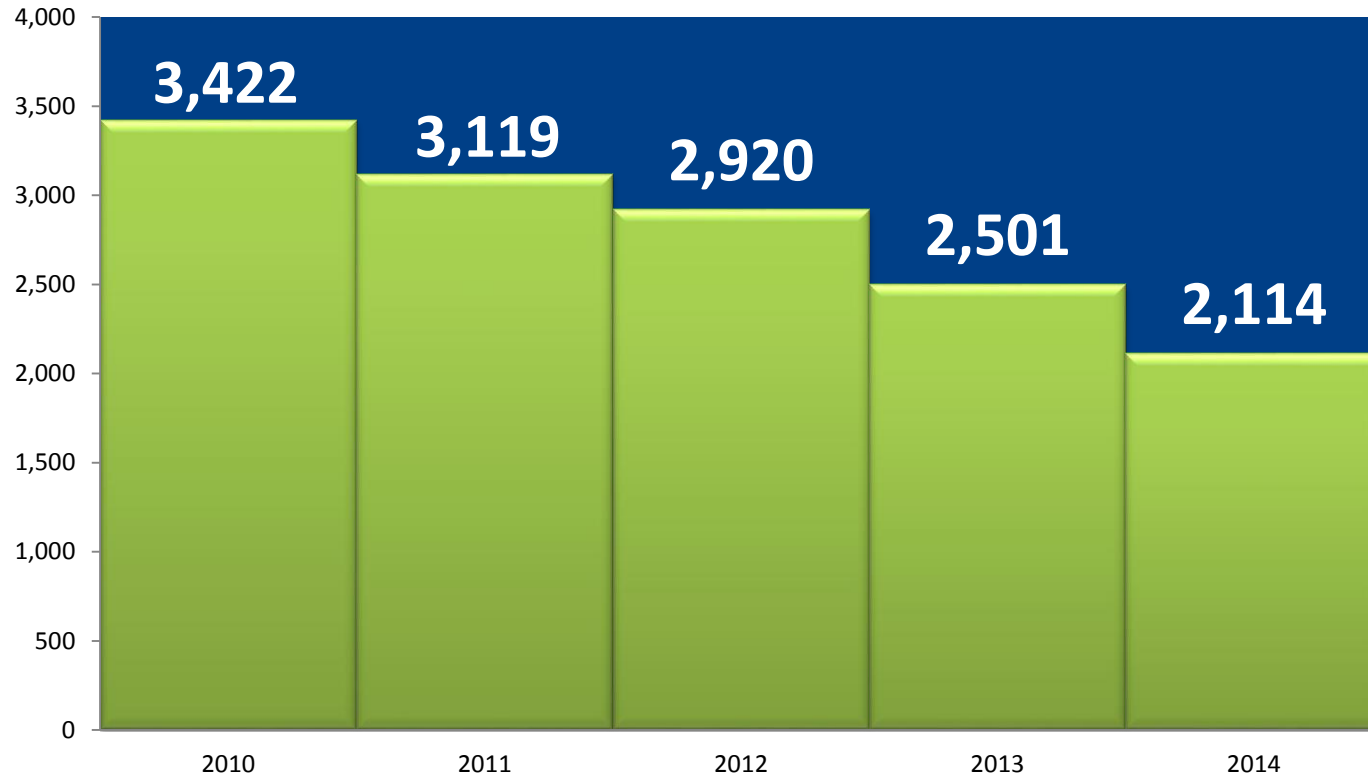


Foreign Operations



- 1981 - - revised treaty between U.S. and Mexico allows for the repatriation of vehicles and aircraft by NICB
- 2009 - - agreement was made to cover specialized and heavy equipment, and vessels in the “spirit of the treaty”

Vehicle Repatriations



Catastrophe Response

- Inform members, via CAT Advisory, of the catastrophe event
 - NICB point of contact
 - Encourage reporting of claims
- Provide operational resources to support member company efforts
- Utilize the catastrophe designator to extract ClaimSearch data to analyze for potential fraud

The screenshot shows a mobile application interface. At the top, a green banner reads 'SPECIAL ANNOUNCEMENT'. Below this is a hand holding a smartphone displaying the NICB logo over a map of the United States. To the right of the phone is a vertical menu with five colored buttons: 'Data Analytics' (blue), 'Investigations' (red), 'Training' (orange), 'Legislative Advocacy' (green), and 'Public Awareness' (dark grey). Below the phone, the text 'Catastrophe Advisory' is displayed in red. The main body of the page contains a paragraph of text about Colorado's catastrophic flood waters. To the right of this text are two sections: 'CONTACTS' with a link for 'NORTHWEST FIELD OPERATIONS', and 'SIGN UP FOR MOBILE ALERTS!' with a small image of hands holding a smartphone.

SPECIAL ANNOUNCEMENT

Data Analytics
Investigations
Training
Legislative Advocacy
Public Awareness

Catastrophe Advisory

In response to Colorado's catastrophic flood waters, which have resulted in at least eight deaths, 18,000 damaged and/or destroyed homes, thousands of damaged and/or destroyed vehicles, and left 1,250 people unaccounted for, NICB is providing points of contact who will coordinate all requests for assistance from our member companies and law enforcement regarding any suspected contractor, commercial or individual fraud claims.

CONTACTS
[NORTHWEST FIELD OPERATIONS](#)

SIGN UP FOR **MOBILE ALERTS!**

Catastrophe Response

- Pre-event Planning
 - Assessment
 - Deployment
 - Supplies
- Immediate Aftermath
 - Provide operational resources
 - Site management/security
 - Communications
- Post Catastrophe
 - Questionable claims submissions
 - Criminal case support
 - Communications
 - **ForeCASTSM** Reports



TFA-CAT-2010-002

Date: June 4, 2010	Area: 4	Case Number: None
Metropolitan, State and Other Areas Connected: North Texas and Oklahoma		
Analyst Name: Yvonne Navarrette		
Re: List of Contractors with Questionable Claim Submissions	Event Name: Oklahoma Tornadoes	
Previous Alerts: TFA-CAT-2009-002		

In response to recent tornadoes in Oklahoma, the NICB would like to advise member companies that the NICB has received at least one possible questionable claim submission in the first quarter of 2010 for the following contractors. Only non-case related contractors located in North Texas and Oklahoma are included in the list.

Oklahoma

J & H Home Improvements
PO Box 1119
Tuttle, OK 73089
Telephones: 405-381-2414, 405-417-1384

Texas

Crosby Roofing
1150 Blue Mound Road, Suite 821
Fort Worth, TX 76052
Telephone: 817-236-1262

Crosby Roofing
7916 Bal Harbour Court
Fort Worth, TX 76179
Telephone: 817-615-1123

Precision Construction & Roofing
7410 Boulevard 26
North Richland Hills, TX 76180

NICB Training




National Insurance Crime Training Academy

[Student Home](#) [Logout](#)


HOME ABOUT US STUDENT UNION ANTI-FRAUD GIFT SHOP LINKS CONTACT US

All Courseware General Property Medical Investigations Online Reference Other Learning Medical Snapshots Streaming Video Webcasts


[Getting Started](#) [Full Course List](#) [CE Information](#) [CE Payment Information](#)




All Courseware




General




Property




Medical




Investigations




Online Reference




Other Learning



Medical Snapshots



Streaming Video



Webcasts

Copyright 2012. All rights reserved NICTA. | 1111 E. Touhy Suite 400 Des Plaines, IL 60018 | [Terms & Conditions](#)

2015 State Legislative Issues

- KY – Anti-solicitation became law - #1 recommendation from NICB KY Summit

- NJ – Prohibition on rate evasion now law
 - Multi-year NICB and industry effort

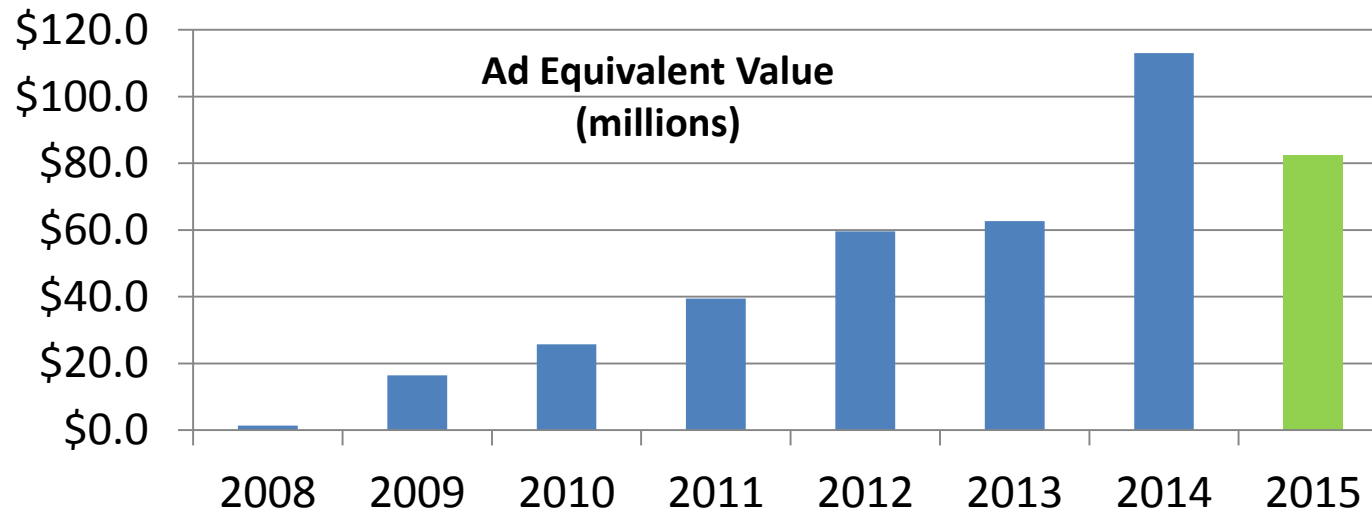
- MN – Civil penalty and medical provider payment de-authorization

2015 State Legislative Issues

- IL – Dedicated prosecutors
- TX – Cargo statute, TDI resources
- FL – PIP clinic licensure
- MI – Fraud authority
- NY – Rate evasion, retroactive cancellation and runner bill
- SC Summit – October 13 – Greenville, SC

Public Awareness

- Focus on “Free Media”
- \$113M in ad equivalent value (2014)
- Directors in DC and Sacramento
- Studio and live webinar capabilities



- 2014 – 4 spots produced in house
- TV
- Radio
- English/Spanish
- 49,000 spots aired
- \$4.6 million in value



Billboard PSAs

1. Bakersfield
2. Fresno
3. Modesto
4. San Francisco-Oakland-Hayward
5. Stockton-Lodi
6. Redding
7. Spokane-Spokane Valley, WA
8. Vallejo-Fairfield
9. San Jose-Sunnyvale-Santa Clara
10. Yuba City

Get YOUR CITY Off
NICB's Top 10 Spots for Vehicle Theft

Report Car Thieves

**Call the Police or
1-800-TEL-NICB**



- What we know
 - Our lives revolve around wired and wireless networks
 - According to the Center for Strategic and International Studies, “Cybercrime is a growth industry...
 - Returns are great and risks are low;
 - Conservative estimate - **\$375 billion** in losses - while maximum could be as much as **\$575 billion.**”

2014 Cybercrime Survey

- The survey was designed to gather data to help NICB determine if it should consider adding Cybercrime/Cyber Fraud to its mission
- 12-question online survey, with both multiple-choice and open-ended questions allowing for comments
- Audience was 403 Executive and Operational Liaisons

Cybercrime Survey Highlights

- 99% strongly agree/agree that sharing of information related to Cybercrime would be a natural extension of NICB's mission
- 96% strongly agree/agree receiving information regarding Cybercrime from NICB would be beneficial
- 84% would be willing to share Cybercrime-related information with NICB

Cybercrime Survey Highlights

- Greatest concerns and/or challenges in dealing with Cybercrime
 - Hackers accessing sophisticated systems
 - Data breach/protecting customers
 - Ever-changing environment
 - Lack of knowledge/training
 - Fraudulent policies placed online

Cybercrime...Next Steps

- Expand on our existing relationships to include cyber information and investigations
- Utilize NICB's infrastructure as an information-sharing portal to the P&C industry reference cyber-related activities and information collection
- Capitalize on NICB's outreach through its members to over 100 million Americans

Cybercrime...Next Steps

- In discussions with:
 - FBI Domestic Security Alliance Council (DSAC)
 - Financial Services-Information Sharing and Analysis Center (FS-ISAC)
 - BITS, The Financial Services Roundtable

WE HAVE A SHARED RESPONSIBILITY TO WIN THIS CONFLICT

NICB, member companies, law enforcement, and anti-fraud organizations must present a **united** front to protect the American people and insurer investment.

Questions?



The image features a central smartphone displaying a text message. The message header reads "New Message" and "To: I-800-TEL-NICB". The main content of the message is a logo with an eye icon, a blue circle with a 'C', and the text "FRAUD NICB". The phone's status bar shows "Verizon LTE", "2:19 PM", and "39%".

The background is a collage of the NICB website and social media links. On the left, the website header includes "NICB NATIONAL INSURANCE CRIME BUREAU Fraud So" and navigation links "About NICB" and "Our Departments". A large red "Questions?" banner is prominent. Below it is a car with a red ribbon and the URL "www.nicb.org". A "VINCheckSM" section asks "Has a vehicle been declared salvage?".

On the right, there are social media icons for Facebook, YouTube, LinkedIn, and Twitter. Below these is an "Industry Events" section listing a "2013 Insurance Fraud Management Conference" on "Mar 10".