

## HOW CIRMA FIGHTS FRAUD

CIRMA's SIU uses both innovative and time-tested techniques to combat fraud.

- ✓ CIRMA employs the ISO ClaimSearch database, a comprehensive database system for claims processing and fraud detection.
- ✓ CIRMA's award-winning data analytics system is programmed to spot suspicious trends and activity and automatically alerts the Claims team and SIU of possible fraud.
- ✓ When fraud is evident, the professionals in CIRMA's SIU determine the most productive way to investigate and document any fraudulent activity.
- ✓ CIRMA uses skip tracing to locate witnesses and at-fault parties for all types of claims.
- ✓ CIRMA, working with our strategic alliance partners, presents education and training programs on ways to recognize and prevent fraud.

If you suspect that any claim is fraudulent, contact CIRMA's Special Investigation Unit immediately.

CIRMA is dedicated to helping our members prevent fraud. However, we can not do this alone — it takes teamwork. Our mission is to educate our members and reduce loss costs. If you would like more information regarding any of the following topics:

- Suspected fraud
- CIRMAcare®
- Transitional Return-to-Work Program

Please email Mark Budzyna, Manager of Special Services at [mbudzyna@ccm-ct.org](mailto:mbudzyna@ccm-ct.org), or call us at 203-946-3722.

CIRMA Special Investigation Unit

# Preventing Fraud

# CIRMA's Special Investigation Unit:



Validating Claims



Mitigating Losses



Educating Members

## DON'T BE A VICTIM OF FRAUD

The professionals in CIRMA's Special Investigation Unit (SIU), along with the Chief State Attorney's office, work diligently to protect the insurance system and our members by validating claims.

Insurance fraud schemes have grown larger and more complex in recent years; staged-accident gangs and health-fraud scams are now often well organized professional operations. Abuse of the Workers' Compensation system increases insurance rates and lowers productivity.

CIRMA's prompt identification of fraudulent claims followed by timely and professional investigations, enables us to avoid making unmerited claim payments, saving you money and stabilizing rates.

## HIGH COST OF WORKERS' COMPENSATION FRAUD

While the vast majority of Workers' Compensation claims are legitimate, experts estimate that fraudulent claims range from \$6 to \$7 billion of the estimated \$60 billion paid out every year. These high amounts aren't something insurers can absorb as a cost of doing business; false claims directly affect the premiums you pay.

Higher premiums are only the beginning: other costs include wages for replacement workers, training, overtime, and reduced employee morale and productivity.

Fortunately, there are many things that employers can do to reduce the opportunities and some of the motives for fraud.

## Types of Workers' Compensation Fraud

**The False Claim.** The injury never occurred or was knowingly misrepresented as a work-related injury; the accident may have been deliberately staged.

**Working While Collecting Benefits.** The claimant says that they cannot or are not working, yet they continue to receive Workers' Compensation benefits while they are actually working at another job.

**The Exaggerated Claim.** The claimant initially sustains a legitimate injury, but exaggerates its severity to collect more money and stay off the job for a longer period of time.

## STEPS FOR PREVENTING WORKERS' COMPENSATION FRAUD

Here are some important steps you can take to discourage fraud:

- ✓ Verify references and background information during the hiring process.
- ✓ Publish your Workers' Compensation fraud policy to all new and current employees, and provide reminders at least once each year.
- ✓ Spread the word that money paid for fraudulent claims comes out of your municipality or public school's pocket.
- ✓ Educate supervisors on Workers' Compensation issues — how injuries decrease productivity and limit the ability to provide services to the community.
- ✓ Display fraud awareness posters.  
*(Ask your Risk Management Consultant for copies, or visit [www.CIRMA.org/Other-Services/Fraud Investigation & Subrogation](http://www.CIRMA.org/Other-Services/FraudInvestigation&Subrogation) webpage to download)*
- ✓ Work with CIRMA's Risk Management team to implement a safety program that will minimize the impact of accidents; engaging employees in safety programs helps discourage Workers' Compensation fraud and abuse.
- ✓ Be aware of Workers' Compensation fraud indicators when a claim is made.
- ✓ Implement a formal Transitional Return-To-Work Program and join CIRMAcare®.
- ✓ Pay attention to employee complaints and concerns about working conditions. The strongest predictor of fraud is a chronically disgruntled workforce. Workplaces with high morale are more naturally resistant to Workers' Compensation fraud.
- ✓ If you suspect fraud, contact Mark Budzyna, Manager of Special Services at 203-946-3722 or [mbudzyna@ccm-ct.org](mailto:mbudzyna@ccm-ct.org).



## PREVENTING FRAUD IN LIABILITY CLAIMS

A new study estimates that fraud and claim "build-up" add between \$5.6 billion and \$7.7 billion in excess payments to auto injury claims paid in the United States.

The excess payments represented between 13% and 17% of total payments under the five main private passenger auto injury coverages, according to the study from the Insurance Research Council of claims data.

### How can you avoid being a victim of fraud?

- ✓ When an accident happens, secure the incident location, if possible.
- ✓ Take multiple photographs of the incident area.
- ✓ Gather all witness information, including full names, addresses, and telephone numbers. Keep detailed notes of the collected information.
- ✓ Secure all evidence.
- ✓ Report the incident and all pertinent information to CIRMA as soon as possible. To report a claim, please visit [cirmaclaim.org](http://cirmaclaim.org).
- ✓ Never admit fault.
- ✓ If you suspect fraud, contact Mark Budzyna, Manager of Special Services at 203-946-3722 or [mbudzyna@ccm-ct.org](mailto:mbudzyna@ccm-ct.org).

