

A Quick History Into The World Of Insurance Fraud

There's Many Types Of Insurance Fraud

One example of insurance fraud is when individuals make false claims in order to collect insurance money. For example, a person might make a claim that they were the victim of a burglary and stole items that they did not actually lose. In this case, the person would be attempting to receive payment for loss or damage that was not actually incurred, and this would be illegal as it involves lying or making false representations in order to receive money.

Another form of insurance fraud is committed by medical providers who submit claims for services that are either unnecessary or never performed at all. This type of fraud often involves collusion between doctors and healthcare facilities in order to defraud the insurance companies and increase their own profits. The amount stolen can vary depending on the extent of the false claims but can be significant over time. This type of fraud is illegal because it involves submitting false information in order to receive payment for fake services.

A third type of insurance fraud occurs when someone engages in premium diversion. This occurs when someone opens up a policy with an insurance company, pays premiums for some time, then diverts those payments away from the insurer and towards their own personal use. In these cases, premium diversion is illegal because it results in funds being taken unlawfully from the insurer without any benefit being received by them whatsoever.

Largest Insurance Scandals On Record

1. The Cookingham Insurance Fraud (1990): In 1990, an insurance broker in the small town of Cookingham, Missouri was found to have defrauded over 25 insurers of nearly \$2 million by manipulating their policy renewals and making false claims. He created bogus companies to purchase multiple policies from the insurers, then canceled those policies shortly thereafter so that he could collect the premiums.

2. The National Health Insurance Fund Fraud (2002): In 2002, a large-scale fraud was uncovered involving the National Health Insurance Fund (NHI), one of the largest health insurance companies in Taiwan at the time. The fraudsters had exploited loopholes and government regulations to siphon off more than \$40 million from NHI's coffers by creating fictitious medical bills and collecting reimbursements for nonexistent treatments.

3. Allstate Insurance Scandal (2006): In 2006, seven former Allstate employees were charged with embezzling more than \$20 million worth of company funds by faking car accidents and inflating repair costs. The fraudsters used fake companies to submit false claims for auto body repairs that never took place, as well as illegally gaining access to customer information which they used to create bogus policies and collect premiums on them.

4. New York Life Insurance Fiasco (2008): In 2008, former New York Life agents were indicted for an alleged scheme to defraud customers out of millions of dollars by deceptive sales practices such as misrepresenting terms of insurance products. They generated false life insurance applications using fake names and Social Security numbers then collected huge commissions for themselves while giving their clients little or no real coverage in return.

5. Hartford Life Insurance case (2012): In 2012, several high-ranking executives at Hartford Life Insurance were charged with participating in an elaborate kickback scheme that cost their company millions of dollars between 2003 and 2010 by inflating expenses on contracts with outside vendors who provided reinsurance services for the firm's clients' life insurance policies. The executives received large sums from these vendors in exchange for awarding them exclusive contract awards without competitive bidding process required by law.

6. Anthem Incorporated Data Breach (2015): One of the largest healthcare breaches occurred when hackers infiltrated Anthem Incorporated's computer network, stealing personal data belonging to 78 million people including names, birthdates, addresses and social security numbers along with financial information such as credit card numbers and bank account details stored on its servers between December 2nd 2014 - January 27th 2015.

The Legal Consequences Of Insurance Fraud

Individuals who are convicted of insurance fraud typically face a wide range of legal consequences. Depending on the nature and severity of the offense, they may be charged with misdemeanors or felonies. For example, individuals found guilty of filing false claims in order to receive benefits can be charged with misdemeanor fraud and ordered to pay restitution. Additionally, they may face jail time, probation, or fines.

In more serious cases, individuals can be charged with felony insurance fraud and be subject to much harsher punishments. In fact, some states have created criminal statutes that specifically target insurance fraud in order to impose particularly stringent penalties. This type of conviction may result in incarceration (often up to five years) as well as hefty financial penalties such as restitution payments and hefty fines that can reach into the millions.

An individual who is found guilty may also face civil liability for damages or other losses suffered by the insurer due to his or her fraudulent behavior. These damages may include payment for lost wages caused by canceled coverage, reputational damage due to negative publicity associated with the case, and medical costs associated with delayed treatments caused by fraudulent claims processes. Depending on how severe the case is deemed to be and the degree of negligence involved in perpetrating the crime, these damages can amount to significant sums which must then be repaid by the individual responsible.

Ultimately, any individual who is convicted of committing insurance fraud faces potentially severe financial penalties as well as lengthy periods of incarceration which could dramatically impair their ability to gain employment in future endeavors. Furthermore, having a felony conviction on their record could limit an individual's future employment opportunities further down the line making it even harder for them to turn their lives around after being convicted of this crime

STANDARDS: 6.12.10a, 6.12.10b