AIC 30: Chapter 6 – Dealing with Fraud

1. Claims adjusters need to be aware that a segment of the population believes that increasing a claim to include the deductible is acceptable. According to the IRC survey described in the text, how often could an adjuster encounter an insured who thinks it’s OK to increase the claim cost to cover the deductible?

(A) One in five

(B) One in ten

(C) One in two

(D) One in three

2. An insurer that wishes to identify a more accurate percentage of fraudulent claims without increasing staff will conduct which of the following activities to employ data mining and predictive modeling?

A. Apply cluster analysis to uncover possible claims characteristics associated with fraud

B. Use network analysis to examine links and suspicious connections

C. Detect fraud through traditional fraud indicators and mining social media data

D. All of the above

3. One anti-fraud program enacted in many states is fraud prevention bureaus. Which one of the following statements concerning fraud prevention bureaus is correct?

A. States with these bureaus tend to find and prosecute a higher level of migrating fraud.

B. These bureaus are also referred to as special investigation units (SIUs).

C. These bureaus primarily provide fraud awareness training to claim representatives.

D. These bureaus evaluate referrals from insurers, gather evidence, and present cases to prosecutors.

4. Insurance fraud is the second-costliest form of white-collar crime in America (second to tax evasion). What percentage of the entire property/casualty industry’s incurred losses is represented by insurance fraud?

(A) 8

(B) 10

(C) 12

(D) 7

5. Which of the following is an example of hard fraud?

A. Intentional losses

B. Padded claims

C. Over-treatment for injuries

D. Opportunity fraud

6. If a homeowner submits an estimate from a contractor that has been increased to cover the amount of the deductible, this is an example of what kind of insurance fraud?

A. Staged accident

B. Intentional loss

C. Soft fraud

D. Hard fraud

7. All of the following are indicators of fraudulent claims related to medical treatment, EXCEPT:

A. Five claimants from one car accident submit bills from the same healthcare provider.

B. Medical treatment is not what would be expected from the damage to the car.

C. Medical bills are summaries, instead of itemized accounts.

D. Medical bills are originals rather than copies.

8. Who bears the cost of insurance fraud?

A. The insurer, as corporate profit lost

B. Everyone, in the form of higher insurance premiums, taxes, and cost of good/services increase

C. Insurer stockholders, as lost dividends

D. Insureds, through increased premiums

9. Network analysis and clustering are two techniques being used to evaluate data for the purpose of detecting claims fraud. What broader field do these methods come from?

A. K-Means development

B. Data mining

C. Unsupervised learning

D. Centroidism

10. All of the following statements describe elements of fraud, EXCEPT:

A. The victim suffers a loss as a result of relying on the misrepresentation.

B. The misrepresentation is made negligently by an individual or organization.

C. The misrepresentation concerns a material fact.

D. The person making the misrepresentation knows that it is false