

INSURANCE FRAUD: What Is It and How Do I Report It?

Each year, insurance fraud costs companies and consumers alike tens of billions of dollars. In order to better identify and reduce incidents of insurance fraud — and, most important, protect consumers — the Idaho Department of Insurance offers the following tips for identifying and responding to insurance fraud.

What Is Insurance Fraud?

Insurance fraud occurs when an insurance company, agent, adjuster or consumer commits a deliberate deception in order to obtain an illegitimate gain. It can occur during the process of buying, using, selling or underwriting insurance.

What Types of Insurance Fraud Are There?

Fake insurance companies defraud consumers by collecting premiums for bogus policies with no intention of paying claims. These “companies” might offer policies at costs that are significantly lower than competitors’ prices or they might be difficult to reach by phone — if there is a listed phone number at all. Consumers should check in advance that they are dealing with a legitimate, licensed insurer before signing an application for a policy. The Idaho Department of Insurance can provide licensing information for a company or agent. Visit www.doi.idaho.gov.

Legitimate companies that are not licensed by the state to sell insurance might lead consumers to think they are selling “insurance” while evading state insurance regulations. A company selling a health discount plan might call the plan insurance when it is really an unregulated, non-insurance product. If you question whether a product you are offered is insurance, contact the Department.

Individuals within the insurance industry have also deceived consumers for personal gain. For example, an unscrupulous insurance agent might collect premiums from a customer without passing them along to the company. The consumer believes that their premiums are being properly handled while the insurance company thinks the policyholder is not paying their premiums and, therefore, cancels or non-renews the consumer's policy. If you do not receive an insurance ID card or a copy of your policy in a timely manner, this could be an indication that your premiums have not been paid to your insurance company. If you have questions or concerns, contact your insurance company directly or call the Department of Insurance, 334-4250 in Boise or 800-721-3272 toll-free statewide.

Consumers can also be guilty of insurance fraud. Deliberate attempts to stage an accident, injury, theft, arson or other type of loss that would be covered under an insurance policy; exaggerating a legitimate claim; and/or knowingly omitting or providing false information on an application for a policy are all examples of consumer insurance fraud.

How do I report a suspected incident of Insurance Fraud?

If you believe that you have been a victim of insurance fraud, or if you are aware of an instance of insurance fraud, it is important to:

- Contact the Idaho Department of Insurance to file a complaint against the insurance company; and/or
- Visit <http://www.naic.org/> and complete the form provided by the Online Fraud Reporting System (OFRS). Through the OFRS, the NAIC and state regulators are encouraging consumers to take a proactive role in identifying and reporting insurance fraud. Not only does this minimize future instances of insurance fraud, but it also reduces unnecessary insurance costs.

Who Responds to Insurance Fraud?

Idaho has a special fraud bureau —housed within the Department of Insurance — to address the growing problem of insurance fraud. This bureau takes referrals and investigates cases regarding insurance fraud from various sources, such as law enforcement agencies, insurance companies and consumer complaints.

State insurance departments have recently sought to enhance their collection of information from consumers, insurance producers and employees of insurers concerning alleged violations of insurance laws and regulations. Consumers can contact the Department if they have questions regarding possible fraudulent activity.

Stop. Call. Confirm.

If you are unsure about the insurance company or agent you are dealing with, **STOP** before signing any paperwork or writing a check; **CALL** the Department — easily reached by phone; and **CONFIRM** the company or agent offering insurance is legitimate and licensed in the state.