

## Fighting Back Against Insurance Fraud

Many states have adopted laws that give prosecutors greater ability to convict insurance fraud criminals. Penalties have also increased, including stiff prison sentences and disallowing insurers who have committed fraud to return to the insurance industry.

In Texas, the Texas Committee on Insurance Fraud was specifically formed to create a more effective means for prosecuting insurance fraud criminals to help reduce premiums. It is a coordinated effort by the Texas insurance industry with numerous state agencies, county agencies and national organizations to combat insurance fraud.



You can help fight back against insurance fraud:

- Make sure the information you provide to your insurer is accurate.
  - Become knowledgeable of fraud schemes, and be on the look out for fraudulent acts.
- Report all suspected fraud crimes to the Texas Department of Insurance Fraud Unit.  
(1-888-327-8818 or [FraudUnit@tdi.state.tx.us](mailto:FraudUnit@tdi.state.tx.us))



# Insurance Fraud



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# Insurance Fraud

Insurance Fraud is one of the largest and costliest crimes in America. The crime costs Americans more than \$80 billion annually. Insurance fraud occurs when a person deceives his or her insurance provider or when an agent or insurance company

defrauds customers. It can be a small seemingly harmless exaggeration or it can be a deliberate attempt to claim damages illegally. Either way, it is a crime for which everyone pays.



## The Effects of Insurance Fraud

About 10 percent of insurance claims are believed fraudulent. This cost effects the consumer in the form of higher premiums. Approximately \$300 of a consumer's yearly premium is used to investigate and handle fraudulent insurance claims. Insurance Fraud also causes consumer goods and services to rise in cost because of higher premiums for businesses. In deliberate insurance schemes such as staged traffic accidents many innocent people have been injured or killed.

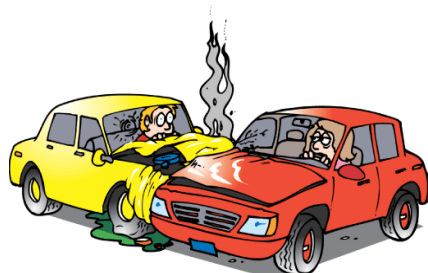
Others have lost thousands of dollars through fraudulent insurance investment schemes. Criminals who commit insurance fraud are not just stealing from insurance companies; they are stealing from everyone.

## Types of Insurance Fraud

There are many kinds of insurance fraud. While some are "little white lies" told to an agent or insurance company, others are directed at trying to swindle consumers or insurers out of thousands or even millions of dollars.

All are illegal. Here are a few examples:

- Staged auto accidents
- Phony vehicle or property theft claims, including overstating the value of items that are stolen
- Arson
- Receiving disability benefits when physically able to go back to work or working a different job
- Falsely billing for healthcare related services
- Murder or faking death to collect insurance benefits
- Agents who charge for additional coverages without approval



## How to Protect Yourself

Insurance Fraud is everywhere, and can be devastating to its victims. Although insurance fraud is not completely preventable, there are several measures you can take to make yourself less likely in becoming a victim.

- Be wary of exceptionally low premiums.
- Verify that the agent and company are licensed.
- Make sure you receive your policy within a timely manner.
- Keep your insurance policy numbers secret; otherwise, insurance crooks can steal them and involve you in scams.
- Beware of unsolicited offers or offers to upgrade your coverage as well as door-to-door and telephone salesmen.
- Watch out for investments that seem too good to be true.
- Look out for cars that pull out in front of you; they may be setting you up for a staged accident.



Protect yourself with an insurance company you can trust.