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Contact: Lori Conarton 517/371-2880 or cell 517/243-1021

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Michigan Suspicious Insurance Claims On The Rise

(Lansing, MI) — Suspicious insurance claims rose over 69 percent 2010, according to a group dedicated to raising knowledge about the cost of insurance fraud to Michigan residents. To increase awareness about this crime, Governor Rick Snyder has declared October 9-15, 2011 as Insurance Fraud Awareness Week in Michigan.

It is estimated that one out of every 10 claims is fraudulent. “In Michigan that translates into about \$3 billion annually being picked from policyholders’ pocketbooks,” said Lori Conarton of the Michigan Insurance Fraud Awareness Coalition.

A study by the National Insurance Crime Bureau (NICB) found that questionable claims rose from 2,973 in 2009 to 5,024 in 2010. Auto insurance has the greatest number of questionable claims. An area that seems to be growing, according to NICB, is medical questionable claim submissions, which have increased by nearly 200% over the past year. In Michigan, motorists are mandated to buy *unlimited, lifetime* medical coverage under a no-fault policy. The unlimited nature of the system is ripe for fraud, according to Conarton.

“Insurance fraud isn’t a victimless crime,” said Conarton, who is Communications Director for the Insurance Institute of Michigan. “Everyone pays for the crime of insurance fraud through higher premiums.”

Insurance fraud is a felony in Michigan. Those convicted of fraud can be jailed up to four years and/or fined up to \$50,000 and ordered to pay restitution.

To combat insurance fraud in Michigan, insurance companies are establishing Special Investigative Units (SIU) which train insurance personnel to identify suspicious losses.

Here in Michigan, residents are encouraged to fight back against this insurance fraud by reporting it.

Through the Michigan Arson Prevention Committee, rewards up to **\$5,000** are paid to persons who provide information that leads to the arrest and/or conviction of arsonists. The number for reporting these crimes is 1-800-44-ARSON (800-442-7766).

The insurance industry is also involved in a program that pays for information leading to the arrest and warrant of auto thieves and chop shop operators. Citizens can call the tip line at 800-242-HEAT (Help Eliminate Auto Thefts) with information on stolen cars and suspected auto theft activities. HEAT tips are rewarded with up to \$1,000 each for information that leads to the arrest and warrant of individuals suspected of auto theft, auto theft related insurance fraud and/or auto theft related identity theft. Up to \$10,000 is available for tips that result in the arrest and binding over for trial of suspected theft ring members and/or chop shop operators. In addition, HEAT provides a \$2,000 reward for the arrest and warrant of a carjacking suspect.

NICB, a not-for-profit organization that receives support from over 1,000 property/casualty insurance companies, also has investigators in Michigan. The NICB partners with insurers and law enforcement agencies to facilitate the identification, detection and prosecution of insurance criminals. Anyone who suspects insurance fraud can call NICB at 1-800-TEL-NICB. Callers are eligible for rewards.

The Michigan Insurance Fraud Awareness Coalition was formed in 2009 to fight back against this crime. Members are: Michigan Chapter of International Association of Special Investigation Units, Insurance Institute of Michigan, National Insurance Crime Bureau, Coalition Against Insurance Fraud and Michigan Arson Prevention Committee. For tips on how to prevent insurance fraud, visit the Coalition's website, www.michiganinsurancefraud.org. Join its community on Facebook.

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