DETECT INC.
Investigative Services 703-680-5600

*Red Flag Indicators of Fraud**

Detection, the first line of defense

Most claims are legitimate, but many are inflated or can be fraudulent. The claims professional closely reviews all claims for possible fraud. No one of the following indicators by itself is necessarily suspicious, and does not mean that fraud has been committed. The following indicators are “Red Flags” only, and not actual evidence:

The claimant, prior claim history, current work status

- Employee is disgruntled, soon to retire, or facing imminent firing or layoff
- Employee is involved in seasonal work that is about to end
- Employee took unexplained or excessive time off prior to claimed injury
- Employee is a nomadic and has a history of short-term employment
- Employee is new on the job
- Employee took more time off from work than claimed injury seems to warrant
- Employee is experiencing financial difficulties and/or domestic problems prior to submission of claim
- Employee recently purchased private disability insurance
- Employee changes physicians when release to work has been issued
- Employee has a history of reporting subjective injuries
- Review of rehab report describes the employee as being muscular, well tanned, with calloused hands and grease under the fingernails
- First notification of injury or claim made after employee is terminated or laid off
- Disputes the average weekly wage due to additional income (i.e. cash, per diem and/or1099 income)
- Has or are several other family members receiving worker’s compensation benefits or other “social insurance” benefits i.e. unemployment
- Demands quick settlement, decisions, or comments
- Demands quick payment for medical providers
- Unusually familiar with the claims process, handling, laws etc.
- Is consistently uncooperative
- Surveillance or "Tip" indicates the employee is employed elsewhere, not injured etc.

*Most information as provided by the National Insurance Crime Bureau

- Employee has submitted substantial material misrepresentation on the employment application
- Employee refuses to allow visits or rehabilitation at home or specifies plenty of warning time prior to a visit.
- After injury, employee is never home or spouse/relative states claimant just stepped out, or may have to contact via pager/cell phone.
- Employee participates in contact sports or physically demanding hobbies
- Return calls to residence have strange or unexpected background noises which indicate that it may not be a residence
- Employee protests about returning to work and never seems to improve
- Employee cancels or fails to keep an appointment, or refuses a diagnostic procedure to confirm an injury
- Employee complains to carrier's CEO or executive management at home office to press for payment
- Social security number does not belong to claimant
- Has a P.O. Box, doesn't want insurer to know his/her physical address
- Comes to the office for checks, information etc, avoids US Mail
- Applicant refuses or cannot produce solid or correct identification
- Employee family members knows nothing about the claim

Circumstances of the Accident

- Accident occurs late Friday afternoon or shortly after the employee reports to work on Monday
- Accident is not witnessed, or witness versions conflict
- Employee has leg/arm injuries at odd time i.e. lunch hour
- Fellow employees hear rumors circulating that claim was not legitimate
- Accident occurs in an area where the employee would not normally be
- Accident is the type that employee should not be involved in, i.e. office worker lifting heavy objects on a loading dock
- Accident occurs just prior to a strike or near the end of a probationary period
- Employers first report of claim contrasts with the description of accident set forth in medical history
- Details of accident are vague and contradictory, have inconsistencies, are not credible
- Incident is not promptly reported by employee to supervisor

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Medical Treatment

- Diagnosis is inconsistent with treatment
- Physician is known for handling suspect claims
- Medical records reports are identical to other reports from same doctor, do not identify by gender, gender wrong
- Treatment for extensive injuries is protracted though the accident was minor
- Summary of medical bills submitted without dates
- Medical bills submitted are photocopies or originals
- Extensive or unnecessary treatment for minor, subjective injuries
- Treatment directed to a separate facility in which the referring physician has a financial interest (especially if this is not disclosed in advance)
- Referral for treatment/testing to facility close to referring facility
- Injuries are subjective, i.e. pain, headaches, nausea, inability to sleep
- Treatment dates appear on holidays or other days' facilities are unlikely to be open
- Immediately referred for a wide variety of psychiatric tests, when original claim involved trauma
- Inappropriate expensive medical equipment prescribed for minor injury
- Alleged injury relates to a pre-existing injury or health problem

The claimant's Attorney

- Attorney becomes involved early in the claims process
- Attorney is known for handling suspicious claims
- Attorney lien or representation letter dated the day after reported accident
- Attorney threatens further legal action unless a quick settlement is made
- Attorney inquires about settlement or buy out early in the life of the claim
- Claimant initially want to settle with insured, but later retains an attorney with increased subjective complaints
- High incidence of applications from a specific firm
- Pattern on occupational type claims for "dying" industries i.e. black lung, asbestosis
- Same doctor/lawyer pair previously observed to handle this kind of injury
- Claimant receives all mail by and through his/her attorney

Communication

- Always make your concerns known.
- Never assume the claims professional knows what you know.

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