



## PA INSURANCE FRAUD PREVENTION AUTHORITY

KNOW THE RISKS. KNOW THE PENALTIES.



### WORKERS' COMPENSATION INSURANCE FRAUD

Workers' compensation insurance provides a "safety net" for workers injured on the job, and it is fraud to exploit this system.

Examples of claims fraud include a worker who:

- Fakes an injury at work to get paid time off.
- Exaggerates the severity of a legitimate injury to extend time away from work.
- Claims an injury occurred on the job when it actually occurred elsewhere.
- Obtains another job while receiving workers' compensation wage loss benefits and lies to the insurance company about being unable to return to work or lies by concealing his income from the other job.

Examples of employer fraud include an employer who:

- Understates the amount of company payroll to reduce premium payments.
- Claims employees are independent contractors to reduce premium payments.
- Lies about the work employees do to qualify for lower premiums.
- Fails to carry workers' compensation insurance.

Examples of claims fraud committed by someone other than the employer or the injured worker are:

- A friend or relative of a deceased claimant who forges documents and checks paid to the deceased claimant.
- A medical provider who falsifies medical bills or other proofs of loss used to support a workers' compensation claim.

Recent IFPA statistics on the incidence of insurance fraud in Pennsylvania found that:

- Incoming complaints of workers' compensation insurance-related crime ("referrals") from all sources in Pennsylvania were 12 percent of all referrals in 2014.
- Arrests involving workers' compensation insurance fraud accounted for 3 percent of arrests in 2014.

### Typical Opportunistic Workers' Compensation Insurance Fraud Scenarios

#### SCENARIO 1

Phyllis injured her back while renovating her home's bathroom, but claimed a "slip and fall" at work caused the problem so she could claim workers' compensation benefits and receive payment of her medical bills and lost wages.

#### SCENARIO 2

Tony owned a profitable roofing company. To save money, he told his workers' compensation insurance company that a number of his staff were clerical workers, a much lower risk and therefore eligible for a lower premium.

### SCENARIO 3

Donna operated a restaurant and bar but didn't purchase workers' compensation insurance. After an employee was injured in a fight between bar patrons, there was no workers' compensation insurance to pay the several thousand dollars in medical treatment needed by the employee.

### SCENARIO 4

Steve was injured at work and his employer's workers' compensation insurance covered his medical bills and lost wages for the time he was unable to work. While still receiving disability payments, Steve went to work for another company and concealed his new job from his first employer. He reported he was still disabled and signed a statement to that effect to his first employer's workers' compensation insurance company.

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