



THE COALITION QUARTERLY

Advocacy • Information • Outreach
Winter 2022

Coalition Against
Insurance Fraud

NEWS & FEATURES

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New year, new initiatives

Executive Director, Matthew J. Smith, Esq.



Welcome to 2022! A year we all hope brings great promise and a return to whatever our “new normal” may be after 2 years of COVID taking center stage. While a new year is a great time for looking ahead, I cannot begin this issue without yet again thanking everyone who contributed to making our 2021

Annual Meeting, and first in-person Coalition gathering since 2019, a tremendous success. With more attendees than ever in our history and outstanding presentations all around, we simply could not have hoped nor asked for more.

As you will see in this issue 2022 holds even more promise as we move forward in the fight against insurance fraud. Key events, of course, will be our Midyear Meeting in Orlando set for June 6 - 7 and our Annual Meeting taking place December 8 - 9 in Washington, D.C. Mark your calendars now to attend. Between those key events an action-packed year awaits us all. Here are some previews of things the new year will bring.

- Join us on February 16 for our first webinar of the year and the official release of the newest version of our *State of Insurance Fraud Technology Study*. This marks the 5th time we have done this [biannual research](#) on how insurers are using technology to fight insurance fraud. This year's report, done in conjunction with our partner [SAS Solutions](#), is better than ever and contains both expected and some surprising new findings about technology usage and planning. Did COVID-19 also impact how tech is used? Register [here](#) now for the webinar to find out.
- Our first research project of 2022 is also already underway. The *Benchmarking Study* is done every two years and will be conducted this year by [Aon-Ward Benchmarking](#). The study allows all insurers to participate and determine how their anti-fraud program compares with other insurers of comparable size and premium volume. This continues to be one of the Coalition's most popular studies. If you have not already participated in this year's study, or would like more information on the *Benchmarking Study*, please contact Vincent Albers at vincent.albers@wardinc.com for more information.
- We reported at the Annual Meeting the Coalition's growth during the past two years of 33%, representing an additional 62 new members joining our Coalition in 2020 and 2021. The Coalition continues its strong pattern of growth in 2022 with the addition of seven new members! While every new member is important, we are very pleased to announce that the National Association of Mutual Insurance Companies ([NAMIC](#)) is our newest member. NAMIC has been a part of the American insurance profession for more than 125 years representing both mutual and stock insurance companies in both the United States and Canada. NAMIC membership includes more than 1,500 member companies who collectively write more than \$313 billion in annual premiums and together account for 66% of homeowners, 53% of automobiles, and 31% of the business insurance markets. Look for exciting announcements in the year ahead as NAMIC and the Coalition look for exciting new ways to spread the anti-fraud message to NAMIC members and through joint programs and events.
- Be sure to check out our announcement of the Coalition's newest membership opportunity and benefit. Under the leadership of James Rumph of Nationwide and Arteniece Lee of State Farm, the Fraud Risk Management Task Force will bring together members from across the Coalition to collaborate, share best practices and build awareness of the need for collective enterprise fraud risk management. The Task Force will focus on key areas such as fraud risk management, principles of fraud risk governance, risk assessment, control activities and program monitoring. Send us a [note](#), or read below to get more information and sign-up details for the Task Force that interests you.

New year, new initiatives! (CONT'D)

As you will see throughout this edition, your Coalition is off to a very fast-paced start for 2022. In addition to all of the above highlights, work continues on our update to the \$80B estimate of the cost of insurance fraud, we have two more important research studies which will launch this year, planning is already underway for the hopeful return to an in-person meeting of the Global Insurance Fraud Summit in October and the Coalition will be presenting programs literally from coast-to-coast in the first 90 days of the year. Quite an undertaking for sure. Like you, we remain fully committed to the fight against insurance fraud. Will 2022 be “normal?” Your guess is as good as ours, but we do know insurance fraud continues and regardless of what the new year holds, the Coalition is here to help and support you as our members.

Sincerely,



**"AS YOU WILL SEE IN THIS ISSUE 2022
HOLDS EVEN MORE PROMISE AS WE MOVE
FORWARD IN THE FIGHT AGAINST
INSURANCE FRAUD."**

COALITION UPDATES

A Meeting to Remember

The Coalition held its 2021 Annual Meeting in person for the first time since 2019. The event drew more than 150 fraud fighters from 80 organizations, and was the largest gathering the Coalition has ever held. In addition to the committee reports, *Prosecutor of the Year* award, and *Hall of Shame* presentations, attendees also enjoyed insights from Deputy Inspector General of OIG HHS, Gary Cantrell, on the vulnerabilities of the telehealth system since the onset of the pandemic. A panel of experts discussed the work being done across the country to combat towing fraud, and



members also received updates on our efforts to update our widely cited “\$80B in annual fraud” statistic. The Coalition also adopted a [*Diversity Equity and Inclusion Statement*](#) calling for a more diverse workforce and stronger protections against bias that may occur within data sets and AI tools used to fight fraud. Members supported a new bylaws package that, among other things, established term limits for

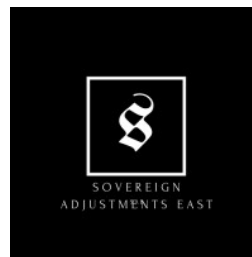
officers and allowed international organizations to formally affiliate with the Coalition.

Take time to read Arinze Ifekauche's [FraudBlog](#), detailing his experiences at the Annual Meeting. He is the Coalition's new Director of Communications and the December meeting was his first-ever in-person Coalition event.

Coalition Expands

We reported at the Annual Meeting the Coalition's growth during the past two years of 33% representing an additional 62 new members joining our Coalition in 2020 and 2021. To kick-off the new year we've added over a half-dozen new members! We are proud to welcome:

- Marin County District Attorney's Office
- MKA International
- San Bernardino County District Attorney's Office
- San Joaquin County District Attorney
- Sovereign Adjusters East
- Ventura County District Attorney's Office



We are especially excited to have the National Association of Mutual Insurance Companies ([NAMIC](#)) -- the nation's largest P-C trade group -- as one of our new members.

NAMIC's Director of Auto and Underwriting Policy, Tony Cotto, says that the organization has "shared goals" in fighting fraud alongside the Coalition. "Fraud causes an upward pressure on premiums for our members and their policyholders, so it is something that we take very seriously and we believe that policymakers should be equally serious about fighting fraud," Cotto said.



This year, NAMIC is focusing its anti-fraud advocacy on three lines of insurance: auto fraud where staged accidents and towing fraud is wreaking havoc on roadways; contractor fraud where scammers are chasing storms and fleecing homeowners; and workers comp claims where opportunists may be tempted to file a bogus claim while working remotely. “We bring policy

experts and advocates on the ground who are ready to engage on these issues,” Cotto said about the collaboration opportunities that exist between NAMIC and the Coalition.

“We’re glad to be part of this important fight. We look forward to leveraging our combined resources to protect our members and their policyholders from fraud,” Cotto said.

New Year, New Opportunities!

Over the past year, the Coalition thought deeply about ways in which it could modernize its bylaws in ways that reflect the changes we’ve seen in the anti-fraud field. As an acknowledgement of the rise in third-party claims processing and investigation services being used by insurance carriers, we have empowered our Associate Members to become more involved in Coalition business.

Associate Members are now eligible to serve on the Board of Directors and on the Executive Committee, our standing committees and new task forces. The bylaws update also created a new category of membership for international organizations with a fraud fighting mission. These organizations are able to apply for membership, officially affiliate with the Coalition, and gain access to the members only content offered by the Coalition.

Along with changes to membership eligibility, the Coalition has taken steps to bring new faces into our leadership ranks. The updated bylaws package instituted term limits for officers, generally limiting terms to two calendar years. This change will present continuous opportunities for passionate fraud fighters to seek leadership opportunities within the Coalition.

You can read the full set of bylaws [here](#). For inquiries regarding the changes and opportunities to get engaged, send us an [email](#).





Help Wanted

The Coalition is offering many new possibilities for involvement in 2022. Not only are Associate Members now eligible for officer and committee positions, but we've also expanded the Task Forces we've created to tackle the issues most important to our members. Take a look at the initiatives below:

- *The Life and Disability Insurance Task Force*, chaired by [Carmen Russo](#), is comprised of those interested in the life and disability markets and meets regularly to discuss industry issues and challenges
- *The Workers Compensation Task Force*, co-chaired by [Dominic Dugo](#) and [Gene Donnelly](#), is currently working to update the total number of annual comp fraud taking place in America
- *The Associate Member Task Force*, led by [Frank Sztuk](#) and [Dennis Toomey](#), keeps our third party service providers engaged in Coalition activities and serves as a sounding board for the issues vendors face in the anti-fraud field.

If any of these issues resonate with you or your organization, please do not hesitate to reach out to the leadership hyperlinked above to get involved!

The Coalition is also excited to announce the formation of a new member program: the Fraud Risk Management Task Force. Fraud risk professionals/leaders from Coalition member organizations will be joining together to collaborate, share best practices and build awareness of the need for collective enterprise fraud risk management. The task force has the goal of further enabling the fight against all forms of fraud impacting the insurance industry and consumers. Focus areas will include fraud risk management, principles of fraud risk governance, risk assessment, control activities, and program monitoring.



THE COALITION IS OFFERING MANY NEW POSSIBILITIES FOR INVOLVEMENT IN 2022. NOT ONLY ARE ASSOCIATE MEMBERS NOW ELIGIBLE FOR OFFICER AND COMMITTEE POSITIONS, BUT WE'VE ALSO EXPANDED THE TASK FORCES WE'VE CREATED TO TACKLE THE ISSUES MOST IMPORTANT TO OUR MEMBERS.

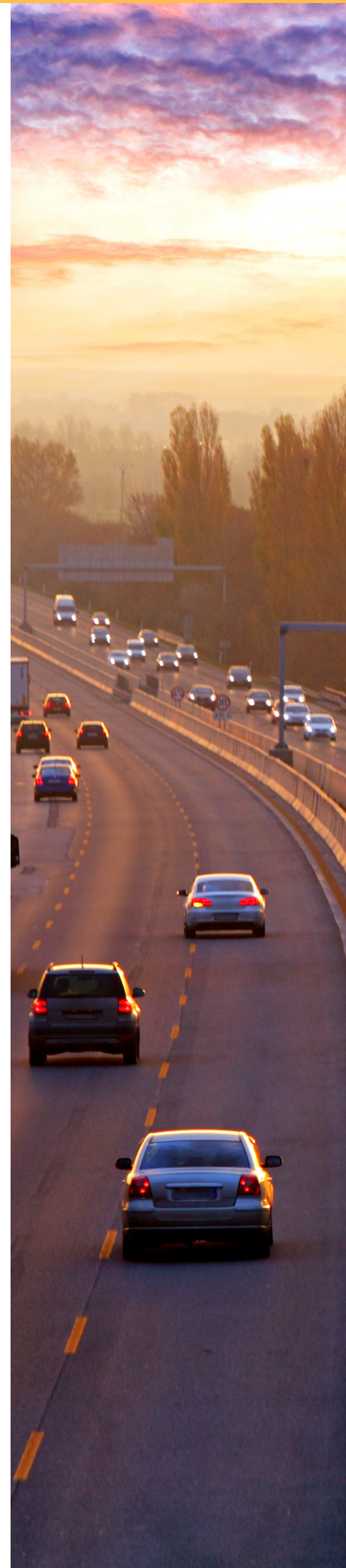
Insurance industry enterprise anti-fraud leaders Arteniece Lee from State Farm and James Rumph from Nationwide will be co-chairing this task force. They will leverage COSO Fraud Risk Management Guide principles, other group members, and outside presenters to facilitate discussion and efforts. The first meeting will be hosted by the Coalition in April, followed by monthly meetings through the second quarter. From there, task force members will collectively determine future plans to contribute to Coalition benchmarking studies and other thought leadership as the group progresses.

Participation is open to all Coalition members that feel they can contribute and benefit from the Task Force. Organizational structures vary quite a bit across member companies, but leaders in what some might call second-line roles with responsibility for the planned focus areas of fraud risk governance, risk assessment, control activities, and program monitoring may find the most value in participation. If interested in participating or if you have any questions, please contact co-coordinators [Arteniece Lee](#) and/or [James Rumph](#). Stay tuned for more information as the task force launches this Spring!

OUTREACH!

Highway Robbery

Truck drivers, motorists and insurers are sick of the schemes and scams taking place on America's roadways. The Coalition is working closely with the American Trucking Associations, APCIA, and others to create tougher policies for towing fraud and staged crashes. Last year we saw success in the City of Chicago, as well as in the Kentucky and Louisiana legislatures. And legislative hearings are underway in California for a [bill](#), supported by the [Coalition](#), that would create a Vehicle Towing and Storage Board with the power to regulate and resolve disputes involving towing businesses and establish a public database on its website to identify all towing businesses operating in the state. Set up your member profile to see our [interactive map](#) tracking staged accidents, towing fraud and other fraud related bills across the country.



The Pennsylvania Insurance Fraud Prevention Authority, led by its new Executive Director Chris Sloan, released a new four-month-long consumer education campaign on towing fraud in Pennsylvania. The campaign includes radio and [TV spots](#) along with educational "[Know Your Tow](#)" material on the IFPA website. Sloan says the issue has been top of mind for his members for years. "I was on the board for six years, and people would ask 'what can we do about the towing issues?'" He says that a strong and well organized tow truck lobby has made reform difficult. "When I became Executive Director, I felt that reaching the consumers was a faster and more direct way to make change, rather than fighting it out in the legislature," Sloan said.

On Capitol Hill, the [Highway Accident Fairness Act](#) was recently filed by Reps. Henry Cuellar (Texas) and Garret Graves (Louisiana). The bill would "better protect trucking companies from the financial burdens of defending against or settling fraudulent insurance claims resulting from staged collisions," Cuellar says. Fraud targeting motor carriers and commercial drivers is now a "serious and pervasive threat to the trucking industry," [reveals a report](#) by the American Transportation Research Institute. Staged accidents often include "entire teams involving medical and legal stakeholders as well as fake victims and spotters who often work together," the report notes. Towing fraud and staged accident anti-fraud efforts are gaining steam, and we are working to make 2022 a banner year for progress on these issues.

The Stage is Yours

The Coalition is building out its 2022 roster of contributors for the *Journal of Insurance Fraud in America (JIFA)* and the [FraudPod](#). For those that are not familiar, *JIFA* is our in-depth journal dedicated to exploring the latest issues in the world of insurance fraud. Authors are expected to contribute between 1800 and 2500 words on an agreed upon topic. We provide editorial, graphic design, and promotion and distribution support for each entry. *JIFA* authorship is a tremendous opportunity to demonstrate your professional expertise and expose yourself to new colleagues and clients. We also pitch *JIFA* entries to reporters that reach out to us about issues our authors have covered. These opportunities can lead to national news and trade publication exposure long after your article is published.



We're also looking for guests for this year's [episodes](#) of the *FraudPod*. If you've got a great anti-fraud project or product you're working on we'd love to hear from you. Check out our previous episodes to get a better idea of the format. Potential *JIFA* authors and *FraudPod* guests should reach out to [Arinze Ifekauche](#), Coalition Director of Communications, directly.

Take Part in the Benchmarking Study

Our biennial *Benchmarking Study* is underway and we're looking for respondents from the P-C sector to help make this study a success. The information you share is critical to tracking whether or not your fraud fighting capabilities are tracking with the rest of the field. It is especially useful as insurers make decisions about resource allocations to their fraud fighting efforts because the results are broken down by the insurer's size and premium volume. The *Benchmarking Study* will be conducted this year by [Aon-Ward Benchmarking](#). To participate please reach out to [Vincent Albers](#). If you are interested in previous years' studies, create a member profile so that you may access them on our [website](#).



In Case You Missed It

The 2021 *Globalization of Insurance Fraud* study was released in November 2021. Its findings were revealed during the keynote address at the 2021 Global Insurance Fraud Summit. Fraud fighters from around the world participated in the study and shared their experiences with fighting fraud in their respective countries. The key takeaway from the survey? Fraud fighters must begin preparing *now* for the impending threat of organized global fraud rings -- especially in North America, where respondents identified globalized fraud as a low priority within their respective organizations.

Read the full report [here](#)!





ADVOCATE!

Lame Duck, Lame Bill

The Coalition recently activated its *Engage* network to protest the passage of a poorly drafted [bad faith bill](#) in New Jersey, prompting our allies in the Garden State to get in touch with their local leaders and voice their opposition to the legislation. Despite those efforts, in a “lame duck session,” the legislature passed the New Jersey Insurance Fair Conduct Act, which awaits Gov. Phil Murphy’s signature to become law.

We opposed this legislation because it allows “bad faith” lawsuits against insurance companies and related parties with respect to uninsured or underinsured motorist benefits for an individual who was injured in a motor vehicle accident. Those “related parties” include individual employees of the insurance company along with service providers such as IME physicians, attorneys and other experts. While the bill allows for bad faith suits against insurers, employees or others for “an unreasonable delay or unreasonable denial of a claim for payment of benefits under an insurance policy,” what “unreasonable” means is not defined in the bill. This lack of definition and the imposition of personal lawsuit liability is what led to the Coalition’s opposition. The bill also caps damages at three times the coverage limit, plus pre- and post-judgment interest and reasonable attorney fees and expenses. The legislation also forbids insurers passing on rate increases to policyholders for violations. We will continue to monitor this bill and others like it in the courts and in state houses across America.

New Year, New Legislation

The Coalition’s legislative [database](#) (which you can access by creating a member profile) was recently updated to include new bills filed across the nation as legislative sessions begin for 2022. Inside you will find a number of interesting pieces of fraud legislation including:

- Florida has introduced a renewed attempt to [abolish](#) its no-fault auto insurance system
- Indiana will consider a [proposal](#) to establish a new data privacy law
- Missouri will debate the [creation of a board](#) to oversee the licensing and registration of home improvement contractors

- New Hampshire may provide the department of insurance with [911 call records](#) sought in connection to fraud investigations

If you have not created your [member profile](#) you will not be able to access the map. Once you've created your login, click [here](#). Next select "pending legislation" at the top of the page and then select "pending legislation" in the National Search box at the bottom of the map if you wish to see all of the bills we are tracking across the country.

JURIS!

Amicus Brief Key to Keystone Win

The Coalition's [amicus curiae program](#) scored another win in [Keystone RX LLC, v. Bureau of Workers' Compensation Fee Review Hearing Office](#) when the Pennsylvania Supreme Court ruled that a non-treating provider — here a pharmacy — is not entitled to notice or an opportunity to defend its charges for services in a workers compensation Utilization Review proceeding. The charges in question relate to compound pharmaceuticals, which have become a serious fraud issue in the Keystone State. The state's high court reversed the lower-court ruling. The high court confirmed — as the [Coalition's brief asserted](#) — there is no clear constitutionally protected property interest in "goods and services" prescribed, or any entitlement to payment. Absent a due-process violation, the court found no requirement to give notice or the opportunity to defend the charges. The Coalition's brief was authored by member law firm [Marshall Dennehey](#). The court wrote that the question of who has the right to be present at fee-review hearings should be decided by the state legislature.

Insurers Footing the Bill for Fraud

Following a major federal investigation, DOJ alleged fraudulent medical billing. The target of the investigation entered into a consent decree and agreed to pay \$100M in civil damages for fraud. A claim was filed to recoup the fraud penalty.



COALITION MEMBERS ARE INVITED TO SHARE COURT CASES TO CONSIDER FOR AMICUS BRIEFS — CIVIL OR CRIMINAL. SEND YOUR CASE IDEAS TO MATTHEW SMITH... WE'RE COMMITTED TO MONITORING AND ENGAGING IN CASES THAT PRESENT A RIPE OPPORTUNITY TO DISCOURAGE INSURANCE FRAUD.

[*Astellas U.S. Holding, Inc. vs. Starr Indemnity and Federal Insurance Company*](#) is now before the U.S. 7th Circuit Court of Appeals in Chicago, after a lower court ruled that insurers must provide coverage. Our amicus brief is being drafted by the [Manning & Kass law firm](#), which is a member of the Coalition’s Legal Affairs Committee. Our position will be: Those consenting to pay damages for fraudulent activities should not benefit from having the damages or their legal fees be covered by insurance.

Dennis Kass, Founding Partner at Manning & Kass, says this ruling could have wide ranging impacts on RICO cases, whistleblower cases, and other forms of affirmative litigation. “We may find ourselves in a situation where carriers are going to have to pay for the bad acts of their policyholder. If this becomes the norm, it could have a huge impact on fraud fighters.”

Kass also talked about his experience working on the Legal Affairs committee and with the amicus program. “We were excited when membership was opened up to law firms,” Kass said. “This work has given us a ‘national perspective’ beyond what is happening in the states where we practice.” Kass says the Coalition has provided him and his colleagues with the opportunity to shape policy in ways that he never expected. “I was delivering remarks at an event. When I came off stage, Matthew approached me about what I had shared on stage and that was the initial conversation that ultimately resulted in the development of a new Model Act.”

If you have a case you’d like to nominate for amicus consideration or have questions about the impacts of pending legal decisions in your area, please contact [Matthew Smith](#).

What’s New in 2022?

The Legal Affairs Committee continues its work on the *Qui Tam* Model Act to create a whistleblower policy that will help root out fraud and corruption. The act is being modeled after California’s and Illinois’ effective whistleblower laws.

We are also issuing a call for more *amicus curiae* referrals in criminal and state regulatory decisions. There are opportunities to file amicus briefs when criminal proceedings that could have a precedent setting impact reach the appellate level, and we are looking to make our voices heard on behalf of the anti-fraud community in those instances.



AROUND THE COALITION

The World is Reopening

Two years into the pandemic it appears that we are settling into a new-normal where vaccines, COVID testing, masks and personal hygiene are central to our daily lives. This new reality, however inconvenient, has allowed us to get back to some of the professional gatherings we've missed over the past 24 months.

Take a look at what's happening this Spring around the Coalition:

February

- On **Feb. 7** the Coalition will deliver a keynote address to the [Virginia Commonwealth Attorney's Services Council](#) in Williamsburg Virginia
- The Rocky Mountain IASIU chapter will hold its [Annual Conference](#) on **Feb. 25**, where we will deliver a keynote address on cybersecurity, data privacy and fraud



March

- The busy month of March kicks off with [NCOIL's Spring Meeting](#) in Las Vegas on **March 3 - 6**; the Coalition will be on hand to advocate for our 2022 legislative priorities
- The following week, Coalition member Verisk will host its 2022 [Insurance Fraud Management Conference](#) on **March 6 - 9**, where the Coalition will deliver an opening update address and host two workshops with our research partner SAS on the findings and implications of the *State of Insurance Fraud Technology study*
- CLM kicks off 2022 with its [Annual Conference in Palm Desert, California](#) on **March 23 - 25**, where the Coalition will deliver a presentation on telehealth vulnerabilities to fraud
- [America's Claims Executive Leadership Forum](#) will take place in New Orleans on **March 27 - 29**, where the Coalition will deliver the closing keynote address
- Finally, the whirlwind month concludes with the IFPA PA Insurance Fraud Conference on **March 31** where the Coalition was invited to deliver its awards luncheon address

April

- Mark your calendars for **April 13** for the [32nd Annual Anti-Fraud Conference](#) hosted by Coalition Member the Anti-Fraud Alliance; the event will take place in Monterey, CA

We're off to a hot start in 2022 with new webinars, research, and task forces for our members. Place a hold on your calendars for [June 6 and 7](#), so that you may join us for the Coalition's 2022 Midyear Meeting in Orlando. We will be back with another installment of CQ on April 19.



Coalition Against Insurance Fraud



The *Coalition Quarterly* is our newest way to keep you updated and informed about the work of your Coalition. We value your feedback and suggestions. We want to provide you the information you need, in the easiest format possible. Please send your comments and suggestions to: matthew@insurancefraud.org.

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About The Coalition

The Coalition Against Insurance Fraud is America's only anti-fraud alliance speaking for consumers, insurance companies, government agencies and others. Through its unique work, the Coalition empowers consumers to fight back, helps fraud fighters better detect this crime and deters more people from committing fraud. The Coalition supports this mission with a large and continually expanding armory of practical tools: Information, research & data, services and insight as a leading voice of the anti-fraud community.

For additional information on the Coalition Against Insurance Fraud contact us at 202- 393-7330 or info@insurancefraud.org



**Coalition Against
Insurance Fraud**

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