



**Coalition Against
Insurance Fraud**

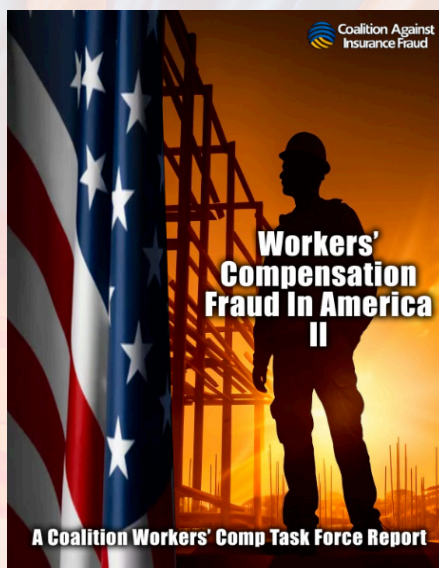
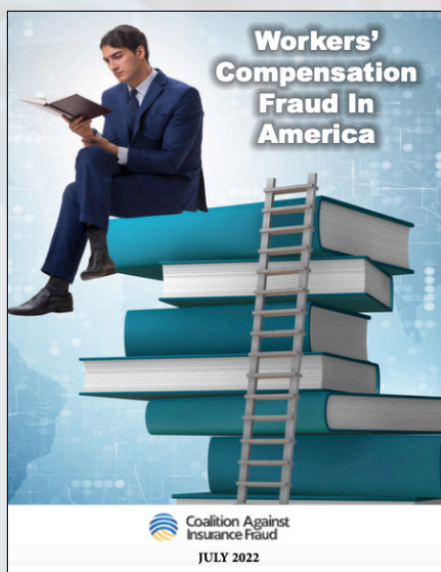
Workers' Compensation Fraud Task Force – Claimant Fraud Case Study

2025



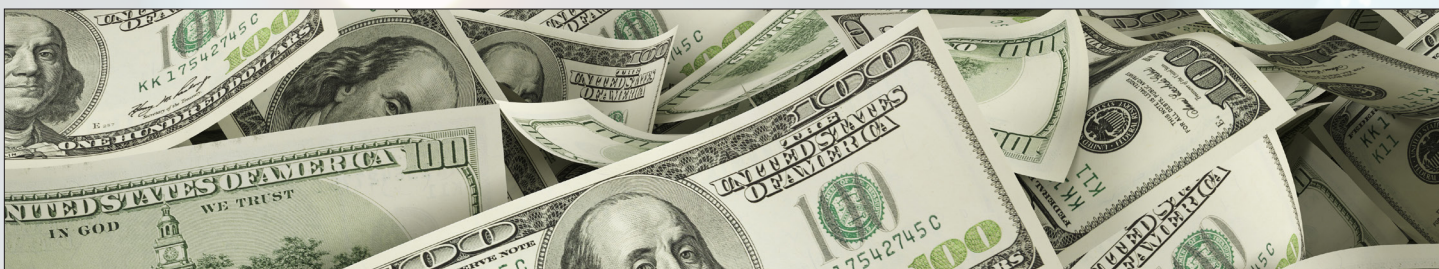
Welcome to the Coalition Against Insurance Fraud's first of a four-part series of articles in 2025 on Workers' Compensation (WC) fraud. The first article, "Claimant Fraud-Case Study", will be followed by a Premium Fraud-Case Study; an in-depth Provider Fraud Analysis; and then a review of the Best WC Criminal Fraud Statutes.

In 2021, the Coalition formed its first-ever task force to examine WC fraud. Led by co-chairs Dominic Dugo, Vice President, Fraud Division at the Delta Group and Coalition Outreach Coordinator, and Gene Donnelly, Assistant Vice-President of SIU for Zenith Insurance Company, the task force began with an initial group of 14 WC fraud experts. The task force success has resulted in membership exploding to nearly 40 experts from Hawaii, California, Texas, Florida, New York and most states in between. Collectively, these professionals bring more than 750 years of anti-fraud experience, strengthening the fight against WC fraud nationwide.



The task force's first report, published in July 2022, entitled "Workers' Compensation Fraud in America", provided 10 recommendations to reduce this crime and estimated that WC fraud is a \$34 billion a year problem. Thereafter, in late 2023, the task force published "Workers' Compensation Fraud in America, Part II". This report provided a detailed analysis of claimant, premium, and provider fraud in the WC system. In addition, the task force has hosted several highly attended webinars on WC fraud, and continues to meet monthly while membership has tripled.

In order to achieve the ambitious goal of 4 articles in 2025, the task force temporarily split into 4 teams (claimant, premium, provider, legislative) while still under the leadership of co-chairs Dugo and Donnelly. The main task force contributors to this first article on claimant fraud are Christopher Sloan, Executive Director, PA Insurance Fraud Prevention Authority; Chris Jelinek, Vice President, SIU Claims Manager, CHUBB; William Bett, Corporate SIU Manager, PMA Companies; and Ronnie Hurst, Special Investigator, WCF Insurance.



WC Claimant fraud is a \$9 billion a year crime in the United States. It involves making a false or fraudulent material statement regarding a “work injury” for the purpose of obtaining or denying a WC benefit. The five major types of claimant fraud involve false statements regarding the “work injury” as follows: 1) non-work injury; 2) fake injury; 3) exaggeration of the extent of the injuries; 4) denial of prior injury to the same body parts; and 5) working while receiving WC benefits.

The current article, a “Claimant Fraud-Case Study”, is designed to assist claim examiners, SIU investigators, law enforcement, and prosecutors on the steps necessary to successfully put together a claimant fraud case. These types of fraud cases negatively impact employers with inappropriate surcharges to their experience modification rate. Ultimately, this leads to unjustified higher WC rates imposed on honest employers and an unfair increase in the cost of goods and services to consumers. This article is put forward to aid our community to reduce this \$9 billion a year fraud.

CLAIMANT FRAUD – CASE STUDY



The insured employer hired the Injured Worker (IW) as a Warehouse employee on February 1, 2021. The IW is assigned to the night shift, day shift, or other time schedule as management needs.

Position Responsibilities

The IW’s duties are described as follows:

Receiving and checking merchandise; lifting, loading, and/or stacking merchandise; unloading freight; putting away merchandise; maintaining warehouse sanitation; operating equipment such as the forklift, pallet jack, etc.; maintaining a safe workplace; reporting any unsafe conditions and/or unsafe equipment to management; completing company-required paperwork; and performing other duties as assigned.

Physical Demands-Percentage of time required

- Bending-25%
- Lifting/reaching-25% (merchandise averages up to 35 pounds but can, occasionally, be heavier)
- Operating machinery-35%
- Completing paperwork- 10%
- Other-5%

Job Qualifications

- Prior warehouse experience, including operating warehouse equipment
- Ability to read, write and count
- Verbal, written, and interpersonal relations skills
- No fear of heights

Facts of the Injury



After about 60 days on the job, on April 2, 2021, the IW reported bending forward to lift a box and feeling a sharp pain in his lower back. There were no witnesses to the incident, which was reported to his employer the same day.

The IW was directed to a local hospital emergency room for medical care to his back. In the medical reports from the initial visit on the date of loss, the IW reported no prior back injuries or comorbidities. The hospital treated and released the IW and instructed him to follow up with a workers' compensation physician as directed by the employer.

The insurance carrier received the claim on April 3, 2021. The initial ISO ClaimSearch report was conducted on April 10, 2021, and identified an automobile claim from 2015 in which a motor vehicle accident occurred. No injuries were listed on the ISO ClaimSearch report for that claim. The Workers' Compensation Adjuster attempted to contact the IW several times and ultimately interviewed the IW on April 21, 2021. The IW described the mechanism of the injury to the Adjuster and that he missed (3) days of work due to the injury. The IW also reported that before being hired by the insured, he lived in the Dominican Republic and worked as a truck driver. The IW reported to the Adjuster he had sustained no prior back injuries, no chronic conditions, and no prior workers' compensation claims.

The Adjuster contacted the insured who stated the IW had no performance or attendance issues and had not received any corrective action plans. The insured also noted that the IW was performing regular duties when the alleged incident occurred. The Adjuster determined from the information the IW and the insured provided that the injury occurred during the course and scope of employment and that the workers' compensation claim was compensable.

In June 2021, the Adjuster had difficulty contacting the IW. Several voicemails were left for the IW, but there were no return calls. The IW missed a medical appointment with the treating physician in June 2021. The Adjuster assigned a social media search and medical canvass to a private investigation company contracted to provide investigative services for the insurance carrier.

Medical Canvass

The medical canvass determined that the IW had been treated extensively for back injuries as recently as February 2021. The medical canvass determined the following prior medical treatments:

- June 2009 through April 2013
A pain management physician treated the IW for back pain.
- July 2009 through May 2015
A chiropractor treated the IW for back pain.
- December 2017 through January 2019
A physician treated the IW for a back injury.
- October 2020 through February 2021
A chiropractor treated the IW for back pain.

A social media search was performed and indicated that the IW was a professional wrestler who was still participating in wrestling bouts.



Surveillance

After receiving the results from the social media search and medical canvass, the Adjuster assigned surveillance in August 2021. The following was observed during the surveillance:

Day 1: The IW was observed at a used car dealership near his home residence at 9:18 am. The IW was observed waiting on customers, going on a “test drive,” and adding/removing a dealer’s license plate from vehicles. The IW remained at the dealership when surveillance was terminated at 4:55 pm. Video of the IW was obtained throughout the day.

Day 2: The IW was not observed, although his vehicle was observed at his apartment complex. Surveillance was terminated after 4 hours.

Day 3: The IW was observed at the used car dealership at 12:30 p.m. The IW was observed waiting on customers, going on a test drive, and moving throughout the car lot and adjacent building. The IW was observed leaving the used car dealership at 7:05 p.m. and going to his residence. Video of the IW was obtained throughout the day.

Day 4: The IW was not observed. The IW’s vehicle was present at his apartment complex. Surveillance was terminated after 4 hours.

Day 5: The IW was observed at the used car dealership at 8:15 am. The IW was observed waiting on customers, going on a “test drive,” and adding/removing a dealer’s license plate from vehicles. Surveillance was terminated at 12:15 pm. The IW remained at the used car dealership. Video of the IW was obtained.



The multiple days of surveillance revealed that the IW was likely employed at a used car dealership. The IW’s physical activity was contrary to what he told his treating physician. The IW was not observed participating in or training for wrestling matches on the date’s surveillance was conducted.

Treating Doctor Opinion



The IW’s treating physician had placed the IW on Temporary Partial Disability with work restrictions of no bending, no climbing on a ladder, no lifting above his waist, no reaching overhead, no twisting, no pushing/pulling over 10 lbs.

Specific questions regarding the IW’s activity level and physical capabilities were provided to the physician. A conference call was conducted with the physician, claim adjuster, claim supervisor, and employer. During that call, the physician stated he was changing his opinion on the IW’s degree of disability and work restrictions after reviewing the investigative material. Based on his review, the physician released the IW back to work full duty without restrictions and discharged the IW from his care.

The Adjuster referred the claim to SIU in September 2021 due to the surveillance, medical canvass, and social media results. Another factor for the referral was the treating physician changing his opinion on the IW’s level of disability after reviewing the investigative material; stating that the IW misrepresented his physical abilities and pain level during medical appointments.

SIU Action Plan

Upon receiving the referral, SIU opened an investigation and reviewed the claim file, investigative material, and comments made by the treating physician. SIU then conducted an in-depth background check and a detailed ISO ClaimSearch, which verified several prior claims. The claims that were identified included the following:

- DOL: June 2, 2009
MVA in which the IW was rear-ended by a commercial vehicle. The IW reported back and neck injuries.
- DOL: November 21, 2011
WC claim in which the IW reported low back injuries.
- DOL: May 13, 2015
MVA claim, no reported injuries.
- DOL: December 1, 2017
WC claim in which the IW reported back, neck, and shoulder injuries.
- DOL: October 14, 2020

MVA in which the IW reported back, neck, and leg injuries.



The detailed ISO ClaimSearch was performed using different search criteria for several searches. This included all available information on the claimant, including separate searches by name and date of birth; social security number; address; name and address; and telephone number. Several prior workers' compensation claims were identified, two of which were for low back injuries. SIU researched the IW's online professional wrestling profile and determined he had been involved in professional wrestling for many years and continued participating in wrestling bouts after the date of injury.

SIU verified the information in the social media report and the medical canvass and verified the IW was employed at the car dealership. SIU also determined the IW made several apparent material misrepresentations. In a recorded statement to the adjuster, the IW misrepresented his prior injuries and medical treatment. The IW further misrepresented his physical capabilities and pain level to treating physicians. The treating physician indicated in several medical reports that the IW told him, "He was in constant pain, and he was unable to perform normal activities of daily living." Claim compensability decisions had been made based on the IW's assertions that he could not return to work without restrictions due to his work injury.



Florida Workers' Compensation Fraud Statutes

FL ST s 440.105

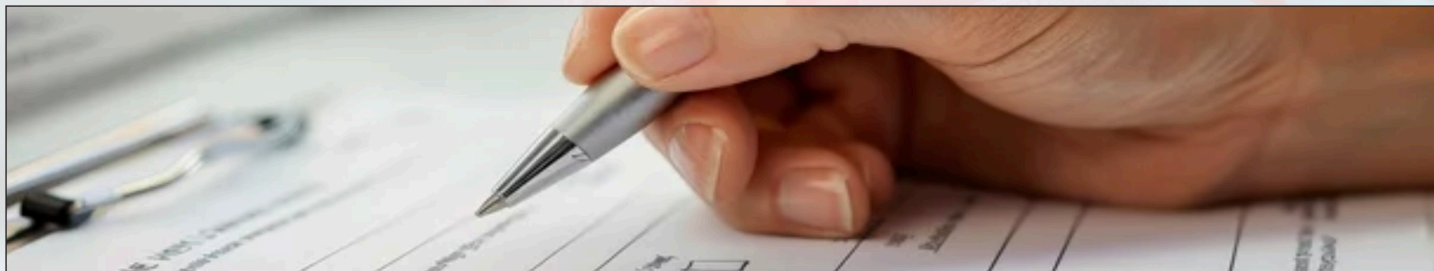
In the absence of fraud or bad faith, a person is not subject to civil liability for tort by filing reports, without malice, or furnishing other information relating to suspected fraudulent acts, required by this section, or required by the bureau, and no civil cause of action of any nature shall arise against such person. Violation of any provision of this subsection commits a misdemeanor of the first degree. It is unlawful to present, misrepresent, prepare, assist, or make any statement for the purpose of obtaining or denying any benefit or payment under this chapter. Third degree felony \$20,000 or less, Second degree felony \$20,000 - \$100,000, and First degree felony \$100,000 or more.

FL ST s 440.1051

Any person who reports workers' compensation fraud to the Division of Investigative and Forensic Services under subsection(1) is immune from civil liability for doing so, and the person or entity alleged to have committed the fraud may not retaliate against him or her for providing such report, unless the person making the report knows it to be false.

FL ST s 440.09

A judge of compensation claims, administrative law judge, or court of this state shall take judicial notice of a finding of insurance fraud by a court of competent jurisdiction and terminate or otherwise disallow benefits.



Fraud Referral

Based on the developed investigative information and multiple apparent material misrepresentations, a questionable claim was submitted to the National Insurance Crime Bureau (NICB) Questionable Claims Database and a fraud referral was submitted to the Florida Department of Financial Services (DFS), Bureau of Insurance Fraud, in December 2021.

The Adjuster continued to work toward a change in impairment rating after SIU made the referral to law enforcement. The Adjuster obtained a 0% impairment rating. As a result, medical and indemnity loss lines of the workers' compensation claim were closed. The Adjuster kept the claim open to monitor the SIU referral.

In March 2022, DFS contacted the insurance carrier and advised they were opening an investigation because of the referral. DFS requested a copy of the claim file and all investigative material, and the insurance carrier provided the requested information and documents in a timely manner. The SIU investigator kept in contact with the DFS investigator throughout the investigation.



Criminal Charges-Conviction

DFS filed criminal charges in June 2023, charging the IW with Insurance Fraud and Grand Theft. After the arrest, the carrier's SIU investigator maintained contact with the investigator and prosecutor throughout the legal process. In January 2024, the IW accepted a guilty plea deal that included paying the carrier restitution of \$28,109.37 and being placed on probation for 10 years.



Post Case Review

Red Flag Fraud Indicators

- *Unwitnessed work injury.
- *New hire. IW had only been with the employer for 60 days.
- *Adjuster had difficulty reaching IW after the First Notice of Loss was received.
- *IW missed several medical appointments.

Critical Points in the Claim Investigation

- *Medical canvass – revealed a history of medical treatment (physician, pain management, chiropractor) for IW's back.
- *Social media search – revealed that IW worked as a professional wrestler.
- *Detailed ISO ClaimSearch—the SIU investigator conducted this search manually. It revealed two prior motor vehicle accidents involving bodily injuries and two workers' compensation claims. All four claims listed back injuries.
- *Surveillance revealed the IW was active and working at a used car dealership.
- *Florida has a strong Workers' Compensation Fraud statute. Without this statute, it is unlikely that the IW would have been prosecuted for insurance fraud.
- *Having dedicated State insurance fraud law enforcement detectives and prosecutors contributed significantly to this case being investigated and prosecuted. They understood the different areas of insurance fraud, how the statute(s) applied, and where the criminal offense(s) occurred.

Recommendations After the Fact

*A recorded interview of the IW by the Adjuster during the initial claim investigation would have been beneficial. This would have memorialized the IW's responses to questions regarding the following:

- What occurred
- Prior bodily injury claims
- Prior treatment for back injuries
- Work History
- Mechanism of injury

*Surveillance was utilized well in the claim and provided valuable information regarding the IW's return to work and activity level. Two 8-hour days and three 4-hour days of surveillance were conducted. Surveillance did not reveal information regarding the IW's activities outside of working at the used car dealership. The claim investigation may have benefited from additional 8-hour days of surveillance vs. 4-hour days that were conducted.

*Locating and interviewing co-workers about the IW's wrestling and car dealership activities, as well as obtaining payroll records from the car dealership, would have been beneficial.

*Assuming the IW was not represented by legal counsel, once SIU completed their investigation, re-interviewing the IW about the false statements identified may have been beneficial. Obtaining admissions and/or a confession always aids the criminal prosecution and resolution of the underlying claim.



Coalition Against Insurance Fraud

The Coalition Against Insurance Fraud seeks to aid our anti-fraud community by providing useful tools and strategies to reduce WC fraud. With this article, and the next three coming out in 2025, our Workers' Compensation Fraud Task Force is utilizing their 750 years of expertise to contribute to the anti-fraud battle.

We are all negatively impacted by WC fraud. Only by identifying the problem; designing effective strategies to reduce the fraud; and then putting forth ambitious and productive action plans can we hope to significantly reduce WC fraud in the future.

The Coalition Against Insurance Fraud Workers' Compensation Task Force Co-Chairs:



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