

WHAT IS
INSURANCE FRAUD?
IT'S A SERIOUS
CRIME.



**PA INSURANCE FRAUD
PREVENTION AUTHORITY**

KNOW THE RISKS. KNOW THE PENALTIES.

6 Kacey Court, Suite 101, Mechanicsburg, PA 17055
t: 717.975.9074 | f: 717.975.9089

helpstopFRAUD.org

INSURANCE IS A GOOD THING.

For most people and their families, a sudden loss of property, an accident, injury, or death presents an overwhelming and disastrous financial burden. Insurance protects us from these and other risks.

INSURANCE FRAUD IS A BAD THING – WITH SERIOUS CONSEQUENCES.

When someone provides false information to an insurance company to gain something of value that would not have been received if he or she had told the truth, they've committed insurance fraud.

In Pennsylvania, this type of dishonest act is classified as a serious crime – it's considered a felony. Those convicted of the crime face fines, legal fees, even prison time. Not to mention a wide range of personal and professional consequences, such as job loss and harm to reputations and family relationships. Once convicted, it's a crime that goes on your permanent record.

Despite the severity of this crime, a recent research study found that most Pennsylvanians don't fully understand what insurance fraud is or what can happen if they're caught.

Don't let a lie wreck your life or that of someone you know. Learn more about insurance fraud.

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HOW DOES INSURANCE FRAUD HAPPEN?

Insurance fraud occurs with all kinds of insurance, including auto, homeowners, workers' compensation, and health care. It ranges from large-scale organized crime to individual wrongdoing.

How do they do it?

Some provide false information on an insurance application form to secure a lower policy premium than had they been honest.

Others exaggerate the amount of loss on a claim they submit in order to receive a settlement for more than the fair value. Or they "stage" accidents to try to get money for injuries that never occurred.

Truth is, there are many ways ill-intended people try to cheat on their insurance coverage.

That's why it's a good idea to become familiar with how to avoid making a bad judgment call when faced with similar situations.

WHAT'S THE HARM OF INSURANCE FRAUD?

Insurance fraud lowers trust — and raises costs — for everyone.

The business of insurance relies on mutual trust — the insurance company's trust that the consumer will be honest with them about the risks they face or the losses they have suffered, and the consumer's trust that the insurance company will be there to protect them when needed. Insurance fraud and other insurance-related crimes attack that trust, increasing for insurers the costs of doing business, reducing dividends paid to shareholders and policyholders, and eventually raising the costs of buying insurance for all consumers.

Insurance industry studies cited by the National Insurance Crime Bureau indicate that 10 percent or more of property/casualty insurance claims are fraudulent. Insurance fraud costs Americans billions of dollars each year. It's the second-most-costly white-collar crime in America behind tax evasion.

Insurance fraud costs all Pennsylvanians in the form of increased premiums to cover the money lost because of the crime.

To learn more about insurance fraud and how you can prevent it, visit helpstopFRAUD.org.