

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. He concealed his new job from his old employer. He reported he was still disabled and signed a statement to that effect to his old employer's workers' compensation insurance company.

Whether he knew it or not, Steve committed insurance fraud – a serious crime in Pennsylvania. **IN FACT, 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. It's a crime that goes on your permanent record.



**PA INSURANCE FRAUD
PREVENTION AUTHORITY**

KNOW THE RISKS. KNOW THE PENALTIES.

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helpstopFRAUD.org

**WORKERS'
COMPENSATION
INSURANCE FRAUD
IS A SERIOUS
CRIME.**



CRIME AND...

As with other forms of insurance fraud, workers' comp insurance can be compromised by either employers or their employees where false or misleading information is provided to insurance companies.

The most common ways an individual commits insurance fraud are if he or she:

- fakes an injury at work to get paid time off
- exaggerates the severity of a legitimate injury to get additional time off work with benefits
- claims an injury occurred on the job when it actually took place elsewhere
- takes a new job and lies to the insurance company about being unable to return to work at the previous place of employment, or lies by concealing his income from another job

An employer is committing insurance fraud if the organization:

- understates the amount of company payroll to reduce premium payments
- claims employees are independent contractors
- lies about the type of work employees do in order to qualify for and pay lower premiums

While not defined by law as insurance fraud, an employer who fails to carry workers' compensation insurance to protect injured workers also commits a crime.

- Failing to carry workers' compensation insurance is a third degree misdemeanor crime.
- If the courts find that an employer intentionally failed to carry workers' compensation insurance, it's a third degree **felony** crime.

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.

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

...CONSEQUENCES

Workers' compensation insurance provides a "safety net" for workers injured on the job, and this is why workers' comp insurance fraud is such a serious crime. As with all other types of insurance fraud, Pennsylvania considers it a felony. Violators can spend up to seven years in prison and pay up to \$15,000 in fines. There are also many other associated expenses such as court costs and legal fees. Plus, those found guilty of insurance fraud have the stigmas and limitations of being a convicted felon to carry with them for life.

In 2012, 69% of arrests for workers' comp insurance were the result of employers' failure to carry the required insurance. The majority of other fraudulent cases were due to claimant concealment of employment and income while receiving disability benefits.

PREVENTION

Both employees and employers can avoid facing situations where there's an opportunity for insurance fraud to be committed.

Employees must recognize and follow proper procedures for reporting on-the-job injuries. If receiving workers' comp benefits due to such an injury, they must avoid providing misleading or false information to extend or expand those benefits.

Employers must, first of all, carry the required workers' compensation insurance. They, too, can avoid committing insurance fraud by providing accurate information on employee classifications, full-time or independent contractor status, and amount of company payroll.

Whether you're the employee or the employer, learning all you can about workers' compensation insurance fraud will help you avoid costly and life-changing situations.

To help all Pennsylvanians better understand workers' comp and other types of insurance fraud, the Pennsylvania Insurance Fraud Prevention Authority (IFPA) has embarked on an informative and aggressive statewide public education and prevention campaign.

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