

FIGHTING INSURANCE FRAUD IN SOUTH CAROLINA

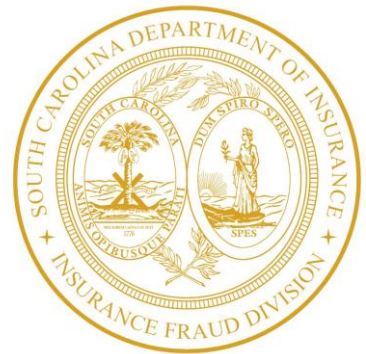
Joshua Underwood – Director of the Insurance Fraud Division, SCDOI

&

Capt. Jeremy Smith, S.C. Law Enforcement Division

**SC House of Representatives Labor, Commerce, & Industry Committee:
Insurance Rate Review Ad Hoc Committee]**

June 11, 2025



TOPICS OF DISCUSSION

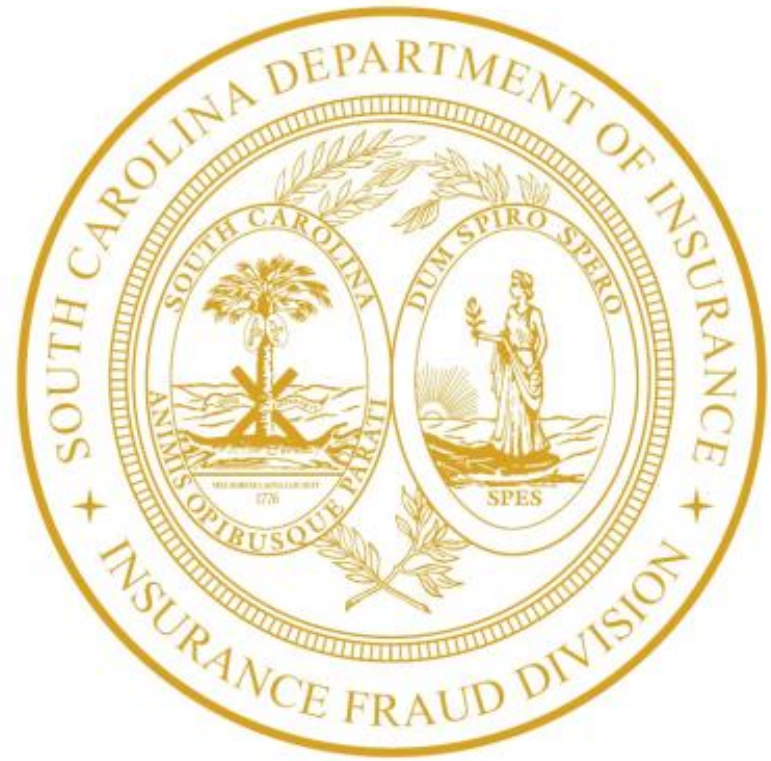
- What is Insurance Fraud?
- The Cost of Insurance Fraud
- Types of Fraud – highlights from 2024, Notable Cases
- Operation of the Insurance Fraud Division
- Outreach and Education Efforts
- Potential future solutions
 - Staffing and comparison to other states
 - Legislative Solutions

WHAT IS INSURANCE FRAUD?

Insurance Fraud can be generally described as the *intentional providing of false or misleading information, or withholding of material information, as part of an insurance transaction with the intent of obtaining an undeserved economic advantage or benefit.*

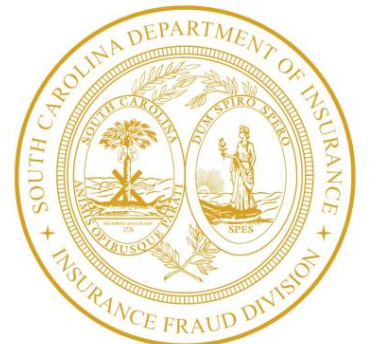
INSURANCE FRAUD AND THE COST OF INSURANCE

- Fraudulent Claims result in higher claim payments, requiring higher premiums to cover the losses
- Anti-fraud measures add to insurer operating expenses, which factors into the cost of premiums
 - Detection, investigations, legal process, etc.
- Reduced Coverage Availability
 - High fraud areas and lines increase premiums and may cause carriers to exit the market, resulting in less competition and higher premiums
- Strain on Public Resources
- Undermined Trust in the Insurance System



THE COST OF INSURANCE FRAUD

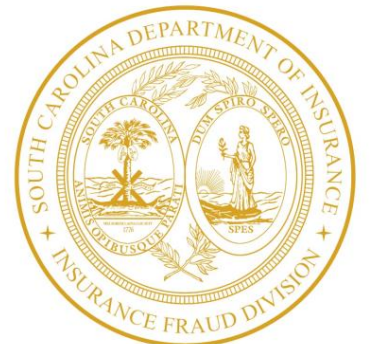
- A 2022 study conducted by the Colorado State University Global White Collar Task Force, in partnership with the Coalition Against Insurance Fraud estimates that the annual cost of insurance fraud in the U.S. is over **\$308 BILLION**.
- Total cost of insurance fraud in America: \$308,000,000.000.00 (\$308 billion)
Total U.S. population: 333,287,557
South Carolina population: 5,300,000
Percentage of U.S. population living in SC: 1.6%
1.6% of \$308 billion equals: \$4,928,000,000.00 (\$4.928 billion)
- The cost of insurance fraud each year for every living South Carolina resident (regardless of their age) equates to approximately \$930 per year.
- For SC adults over the age of 18 (according to the U.S. Census that number would be 4,162,716 people) the cost per adult resident for insurance fraud be is approximately \$1,184 every year, or \$2,368 for each couple.



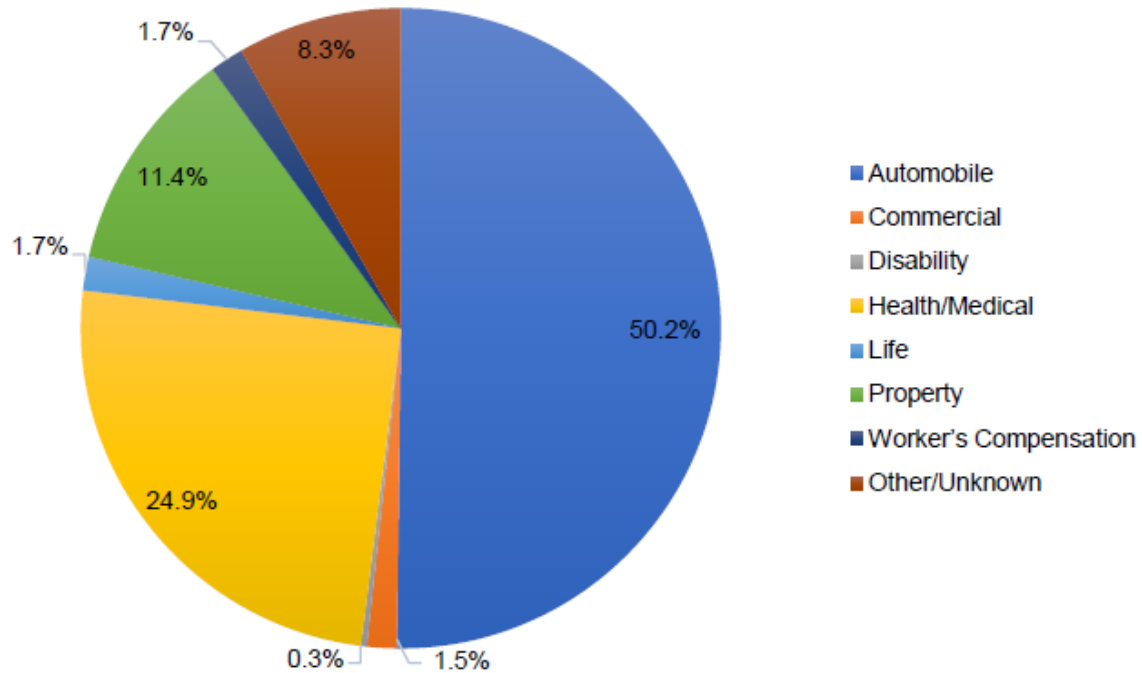
THE COST OF INSURANCE FRAUD ESTIMATES BY LINE OF BUSINESS

Property & Casualty	\$45B
Workers' Compensation	\$34B
Premium Avoidance	\$35.1B
Healthcare	\$36.3B
Medicare and Medicaid Fraud	\$68.7B
Life	\$74.7B
Disability	\$7.4B
Auto Theft*	\$7.4B

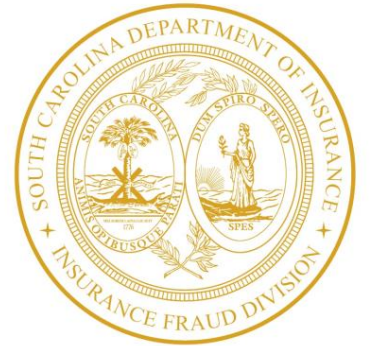
\$308.6 Billion Annually



Complaints by Type of Fraud in 2024



Type of Fraud	Number of Complaints	Percent of Total
Automobile	2,484	50.2%
Commercial	72	1.5%
Disability	15	0.3%
Health/Medical	1,233	24.9%
Life	83	1.7%
Property	562	11.4%
Worker's Compensation	85	1.7%
Other/Unknown	413	8.3%
Total	4,947	



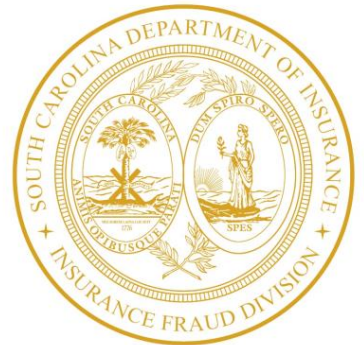
Common Automobile Fraud Schemes

- **STAGED ACCIDENTS**

- Intentional Collisions
 - All-in vs. Stranger Danger
 - Conspirators often claim not to know each other – red flag
- Manufactured Damage
- Phantom Collisions
- Often involves ring activity
- Uhauls, Rentals, Uber, Lyft, etc.

- *State v. Cornelius Jones*

- Targeted elderly victims in parking lots. As they were backing out of parking spaces, he'd drive or walk into their car and then claim injuries.
- Pled Guilty to Presenting False Claims for Payment
- Sentenced to 18 months in prison followed by probation and \$15,983 in restitution



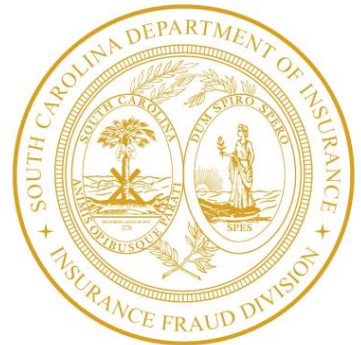
Common Automobile Fraud Schemes

- **JUMP-INS**

- An actual vehicle collision occurs
 - Someone or a group of people claim injuries as a result, even though they weren't in the car!
- Often includes questionable medical treatment
 - Many times, the medical bills submitted are altered or complete forgeries
- Often involves ring activity
- Sometimes it is a crime of opportunity

- *State v. Quanshae Abram & Quatell McDaniel-Abrams*

- Parking-lot dispute began investigation
- Abram told police that dispute involved the division of proceeds from ins. fraud
- Defendants falsely claimed to be in a total of 3 incidents
- Abram even submitted medical bills on behalf of a child who was not in the car
- Both pled guilty to Presenting False Claims for Payment
- Sentenced to probation and to pay restitution of \$13,289 and \$5,902, respectively



Common Automobile Fraud Schemes

- **COVERAGE FRAUD**

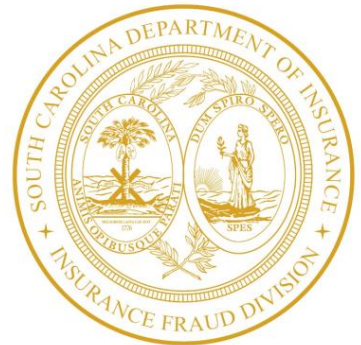
- Providing false info to make a non-covered loss appear as if it is a covered loss
- Common Example: Date of Loss

- **DUPLICATE DAMAGE**

- Presenting pre-existing damage as if it is a new loss
- Sometimes involves coverage fraud
- Sometimes it's a repeat scam to keep getting paid
- Sometimes combined with staged or manufactured damage

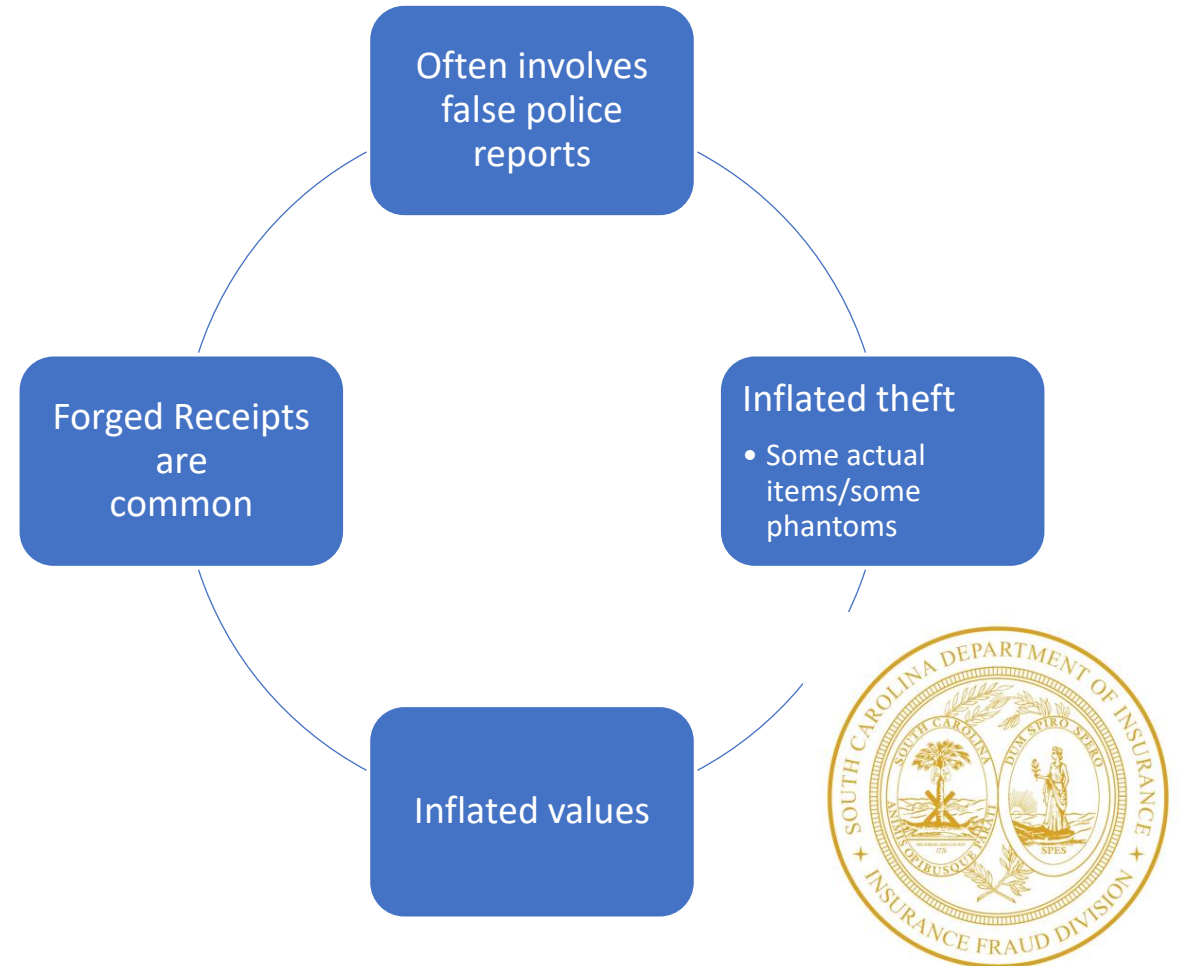
- *State v. Donovan Brantley*

- Repeatedly made claims for the same damage on the same vehicle without ever conducting any repairs
- Continued to make claims after no longer owning or possessing the car
- Pled Guilty, as a Youthful Offender, to Presenting False Claims for Payment.
- Sentenced to probation and \$22,119 in restitution



Common Fraud Schemes – False Thefts

- Items NOT stolen
 - Hidden during claim
 - Sold before claim
- Vehicles are common, especially when underwater or damaged
 - Often associated with arson
- Items not actually owned
 - Completely false theft

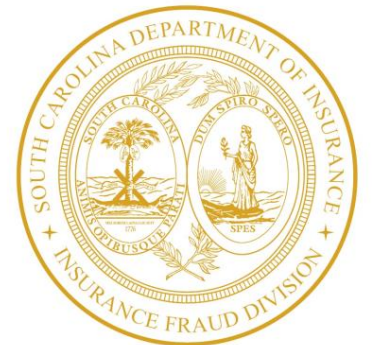


Common Premium Fraud Schemes

- **PREMIUM FRAUD**

- Auto: Garage Location, Unlisted Drivers, Mileage, Condition of Vehicle/Title
- Prior Medical Conditions
- Loss History
- Nature of work or number of employees (Ghost Policies)
- Stolen/Synthetic Identity – Relates to Coverage Fraud too
- Sometimes it is hard to establish a value - depends on underwriting

- *State v. Richard Coker*
- Operated a tree-cutting service
- Only insured as a landscaping business
- The misrepresentation allowed him to avoid almost \$30,000 in WC premiums.
- Pled guilty. Sentenced to time-served after paying \$28,708 in restitution.

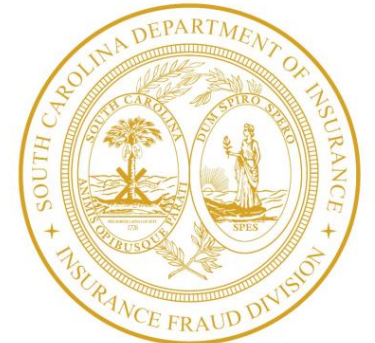


Common Agent Fraud Schemes

- **COMMISSION CHURNING**

- Identity Theft
- Premium Kiting
- Fake Policies
- Unauthorized Policy changes, “upgrades,” and additions
- Upstream Effects
- ACA MARKETPLACE/ENROLLMENT FRAUD
 - Relatively new problem which seems to be tapering off

- State v. David Fowler
- *Fowler was an insurance producer who wrote fictitious policies*
- *Accepted at least \$49,000 in “premium payments”*
- *Paid restitution of \$49,000 before being sentenced to probation*



Common WC & Disability Fraud Schemes

- Fake Injury
- Malingering
- Prior Injury
- Working Under the Table
- False & Inflated Medical Bills or Records
- Forged Certificate Cases
 - Usually Contractors forge these to satisfy WC & Liability requirements
 - Agents may furnish these so that they can pocket the premiums

ACORD **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)
8/5/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER INSURANCE AGENCY HERE INSURED CONTRACTORS NAME HERE	CONTACT NAME _____ PHONE (Area No., Ext.) _____ FAX (Area No.) _____ E-MAIL ADDRESS _____ INSURER(S) AFFORDING COVERAGE INSURER A: INSURANCE COMPANY HERE INSURER B: _____ INSURER C: _____ INSURER D: _____ INSURER E: _____ INSURER F: _____
---	--

COVERAGES CERTIFICATE NUMBER: CL12103100605 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

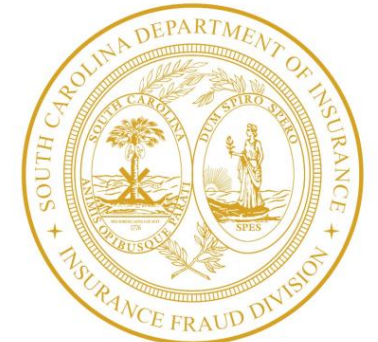
TYPE OF INSURANCE	DESCRIPTION	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROD <input type="checkbox"/> LOC	SAMPLE				EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (EA OCCUR) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (EA ACCIDENT) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ EACH OCCURRENCE \$ AGGREGATE \$
UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> SOLE <input type="checkbox"/> JOINT TENANTS					EACH OCCURRENCE \$ AGGREGATE \$
WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY INSURED CONTRACTOR/EXECUTIVE OFFICER/OWNER EXCLUDED? (Specify in N/A) If yes, describe code:	SAMPLE				<input checked="" type="checkbox"/> VOL STATE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 (Description of your Business)
 It is agreed and understood that (NAME OF HOMEOWNER) is an additional insured for both on-going as well as products & completed operations.

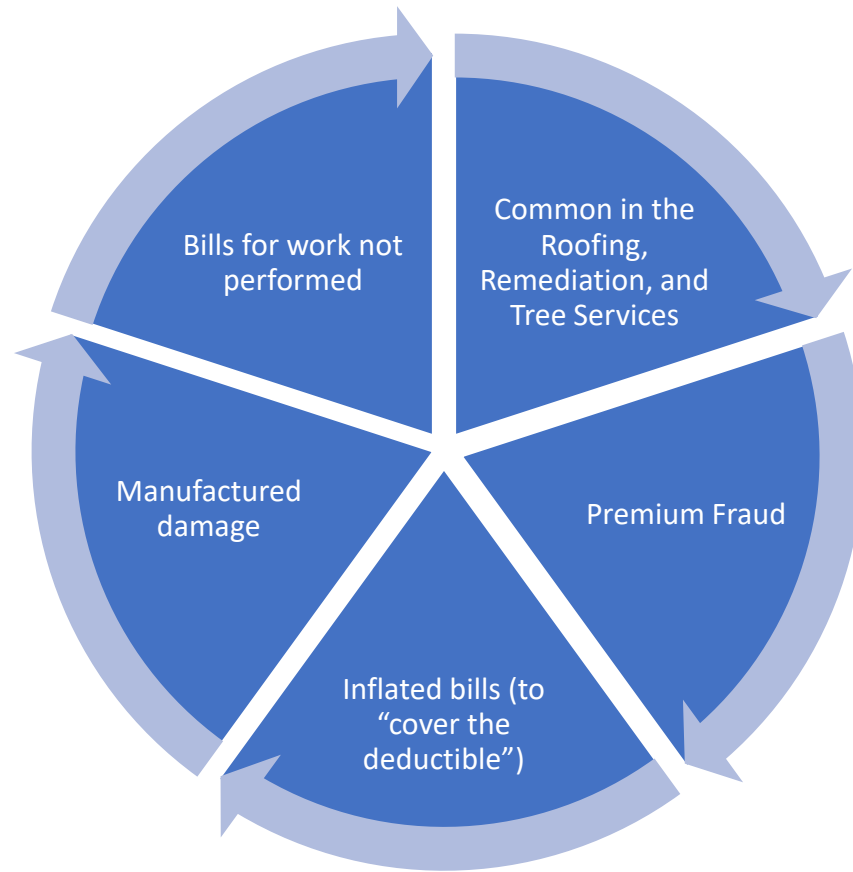
CERTIFICATE HOLDER SAMPLE NAME AND ADDRESS OF HOMEOWNER	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--

ACORD 25 (2010/05) © 1988-2010 ACORD CORPORATION. All rights reserved.

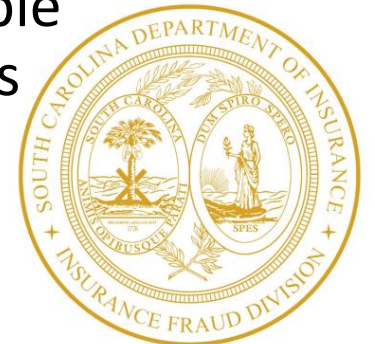
INS25K (05/2010) 01 The ACORD name and logo are registered marks of ACORD



Contractor Fraud Schemes

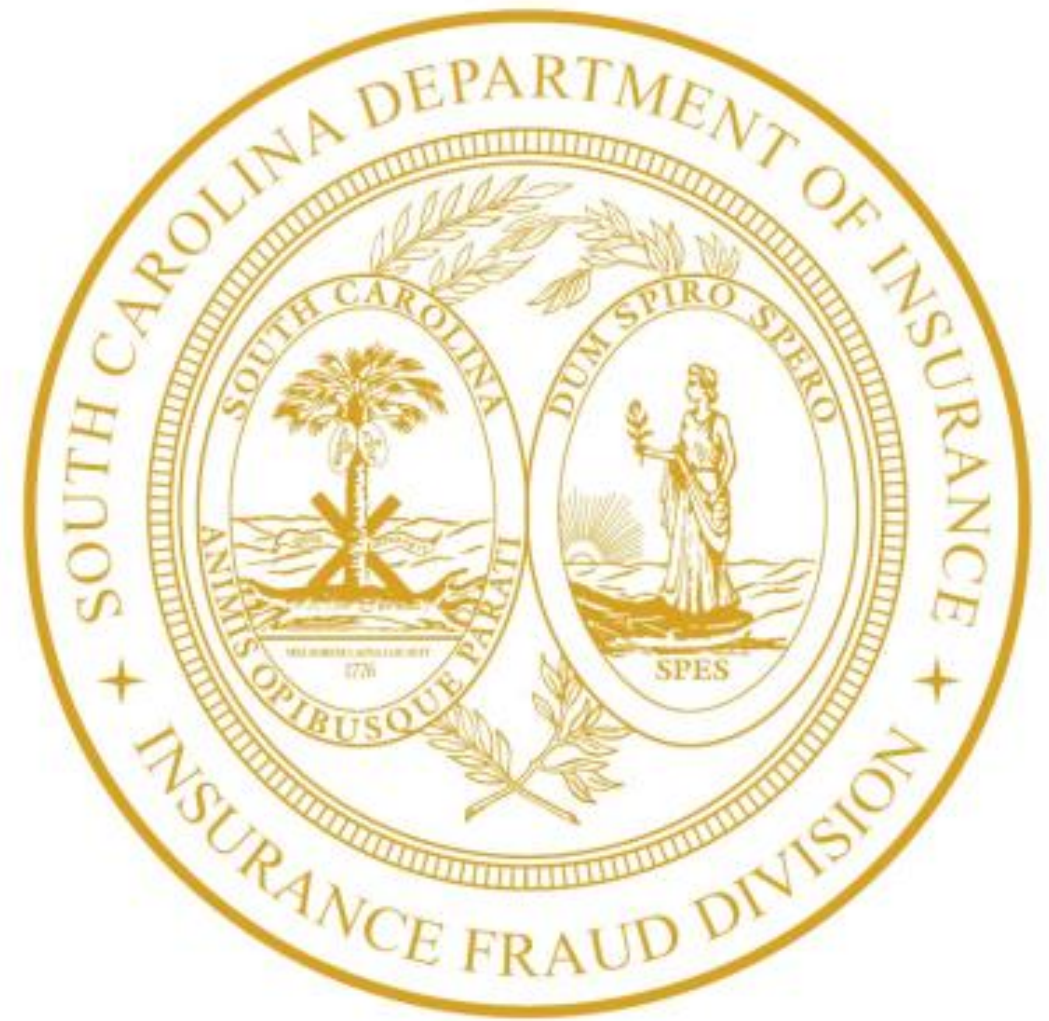


- Can involve public adjusters or people acting as unlicensed public adjusters
- Obtaining by False Pretense Scams
 - Often targeting vulnerable adults or disaster victims

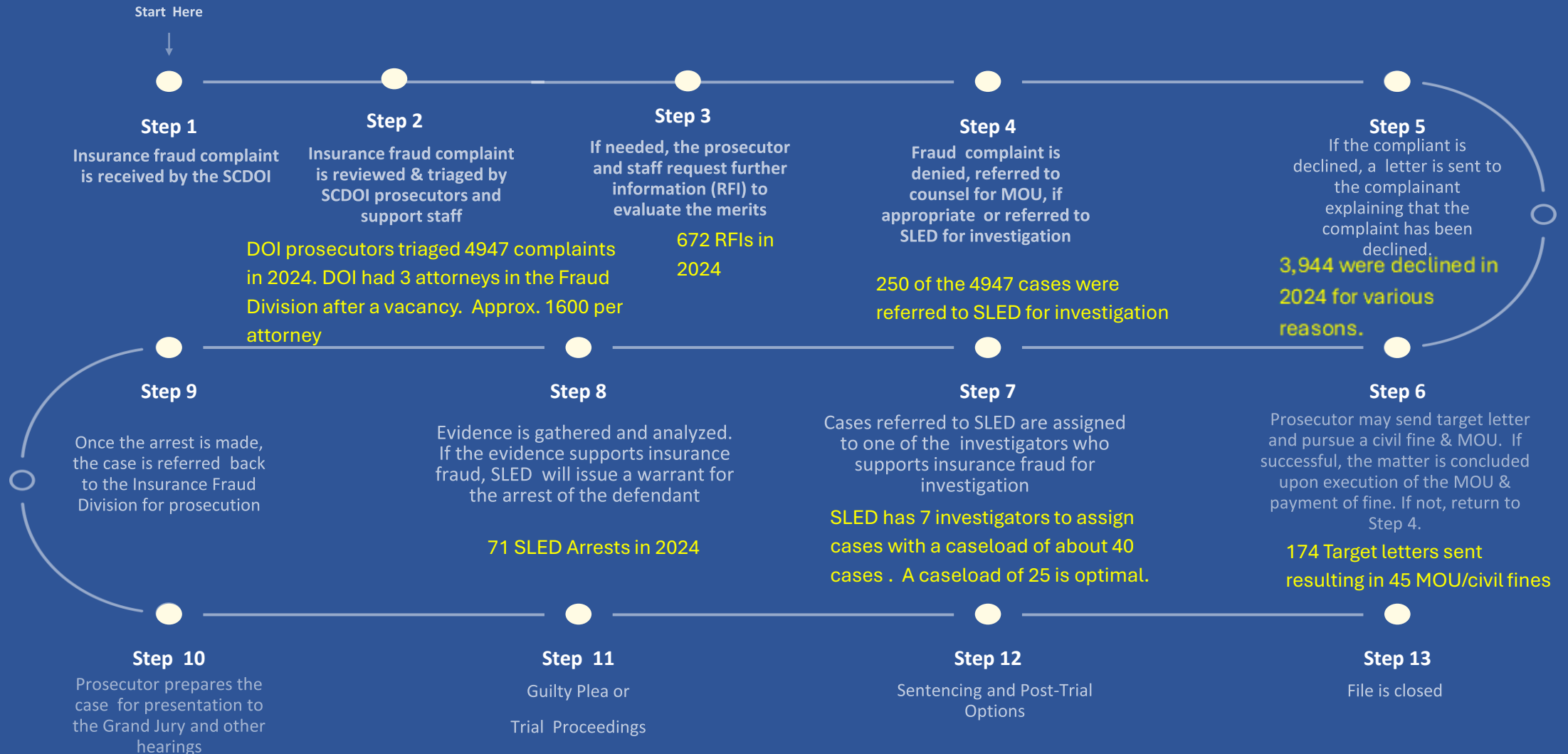


THE INVESTIGATION & PROSECUTION OF INSURANCE FRAUD:

HOW WE OPERATE ON A DAY
TO DAY BASIS



PROCESS FOR INVESTIGATION AND PROSECUTION OF INSURANCE FRAUD



CHIEF MARK KEEL

CAPTAIN JEREMY SMITH

INSURANCE FRAUD IN SOUTH CAROLINA



INVESTIGATING INSURANCE FRAUD

- **BEFORE 2020**

- The South Carolina Attorney General's Office reviewed and assigned Insurance Fraud cases to SLED
- Due to volume, manpower, and resources, cases could sit for long periods of time before being reviewed and assigned for investigation
- SLED had limited resources to investigate small fraud cases and would often triage cases

- **2020**

- 4 SLED Agents designated to investigate Insurance Fraud
- 115 Insurance Fraud cases opened
- 26 arrests for Insurance Fraud related offenses
- AUGUST 2020 – SLED Lt. Jeremy C. Smith reassigned from Midland Region to State Grand Jury
- SLED Lt. Smith creates a database to track Insurance Fraud cases for case management

- **2021**

- SC Department of Insurance (DOI) is primarily responsible for prosecuting Insurance Fraud cases
- 107 Insurance Fraud cases opened
- 16 arrests for Insurance Fraud related offenses
- 342 cases closed
- DOI provides office for SLED Lt. Jeremy Smith



INVESTIGATING INSURANCE FRAUD

- **2022**
 - 62 new Insurance Fraud cases assigned
 - 72 old Insurance Fraud cases closed
 - 53 arrests for Insurance Fraud related offenses
- **2023**
 - SLED had 5 Special Agents designated to investigate Insurance Fraud (1 was a new hire)
 - There are were 157 cases opened
 - 22 old cases closed
- **2024**
 - SLED had 5 Special Agents designated to investigate Insurance Fraud for most of the year.
 - 152 new Insurance Fraud cases opened
 - 102 old cases closed
 - 71 suspects arrested on 152 warrants



Red Flags and Detection Techniques

- Verisk ClaimSearch
- New Policy prior to loss
- No police reports-phantom vehicles
- Multiple addresses for the same person
- Quick Settlement
- Altered Documents
- Excessive Medical Treatment
- Damage does not match/EDR downloads
- Failure to provide/conflicting statements
- Providing incorrect information
- Prior Claims
- WCP and expences
- Roofing claims versus available data



Tyburious Heyward Investigation

- This subject was previously investigated in 2016-2017. As with the last fraud ring he coordinated, he recruited dozens of individuals to participate as drivers and passengers in intentional automobile collisions to collect insurance payouts for nonexistent injuries from multiple insurance companies. This subject directed his co-conspirators to seek unnecessary medical treatment for specific, subjective injuries and symptoms. He also provided and directed the use of false medical, residency, identity, and lost wages documents throughout the claims processes. In addition to providing co-conspirators with scripts of what to say during medical visits and when dealing with insurance company representatives, he would often impersonate other individuals.
- These staged accidents took place in various parts of South Carolina including Florence, Charleston, Lexington, Columbia, and Sumter. Regardless of where the collisions occurred, the insurance claim activity primarily took place in Sumter County. Often these staged accidents occurred with both drivers of two vehicles being involved in the scheme to intentionally collide with each other. However, in some incidents one driver who was involved in the conspiracy would intentionally collide with an unsuspecting driver's vehicle. Fortunately, no innocent drivers or passengers in this case were seriously injured.
- This subject previously served time in prison for similar conduct. While incarcerated in the South Carolina Department of Corrections, this subject used a contraband cellphone to recruit others to conduct staged accidents at his direction in this recent case. While still in prison, he also used a contraband cellphone to impersonate multiple participants in at least one staged accident. After being released from prison in the Spring of 2021, he began to take more active roles in staged accidents and would often be present at the scene even if he was not in either vehicle at the time of the collision. After being arrested in this case, he even made a phone call, on a recorded line, from the detention center to impersonate another individual as part of an injury claim from a staged accident.
- This subject pled guilty to three counts of Presenting False Claims for Payment valued at \$10,000 or more and two counts of Obtaining Signature or Property by False Pretenses valued at \$10,000 or more in the Sumter County Court of General Sessions. **He was sentenced to 8 years in prison to be followed by an additional 10 years which is suspended upon the service of probation and payment of approximately \$436,000.00 in restitution.**

Marcus Blair Investigation

- This SLED investigation began as a result of a South Carolina Inmate who was discovered to have possession of a contraband cell phone. It was discovered that activities related to insurance claims were found on the phone.
- Upon his release from prison, the subject continued his fraudulent activities and active surveillance by SLED Agents and Florence County Deputies resulted in a search warrant of his residence. Hundreds of documents, fake checks, false ID cards, credit cards, cell phone records, computers and emails were seized. After the arrest, it was confirmed that the subject had attempted to fraudulently obtain a total of \$574,531 and was successful in collecting \$139,126.98 in money and goods. One of the subjects most prolific insurance fraud schemes involved using addresses and photographs from the internet to make false property damage claims for homes he did not own, many of which were located in other states.
- This subject pled guilty to seven indictments: two counts of Presenting a False Claim for Payment over \$10,000, one count of Financial Identity Fraud, one count of Presenting False Claims for Payment less than \$2,000, one count of Presenting False Claims for Payment more than \$2,000 but less than \$10,000, and two counts of Obtaining Goods Under False Pretenses over \$10,000. **He was sentenced to ten years of incarceration. He is also required to pay restitution of \$139,126.98 to the victims whom he successfully defrauded.**

Mohawk Ring

SLED began an investigation into the fraudulent use of AFLAC and MetLife supplemental policies by former employees of the Mohawk Group in Bennettsville SC. Approximately 13 people were part of a more than 9 month investigation where they submitted fabricated medical bills to the insurance company for themselves and their minor children. The total amount of the fraudulent bills submitted to the insurance companies were in excess of \$596,000.00. AFLAC and MetLife paid in excess of \$215,000.00 in undeserved settlement payments. Restitution was ordered for all individuals charged and sentencing ranged from 5 years suspended sentence with 5 years' probation to 1 day.

More than 9 month investigation

Priku LLC

- While operating a convenience store doing business as Priku LLC, Bhavsar and Patel made a claim for stolen and damaged property. Bhavsar and Patel conspired together to forge an invoice for a Point of Sale machine and claimed 40 cartons of cigarettes were stolen. However, the SLED investigation determined no cartons of cigarettes were stolen. Bhavsar and Patel were each ordered to pay \$6,000 in fines and civil penalties.
- Case was investigated in two weeks

Active and Ongoing

- Active Ring Case-Ongoing for two years. Ringleader arrested twice and still submitting fraudulent claims while out on bond. Active Warrants.
- Nationwide Roofing company scam
- ACA Fraud
- Altered Death Certificates



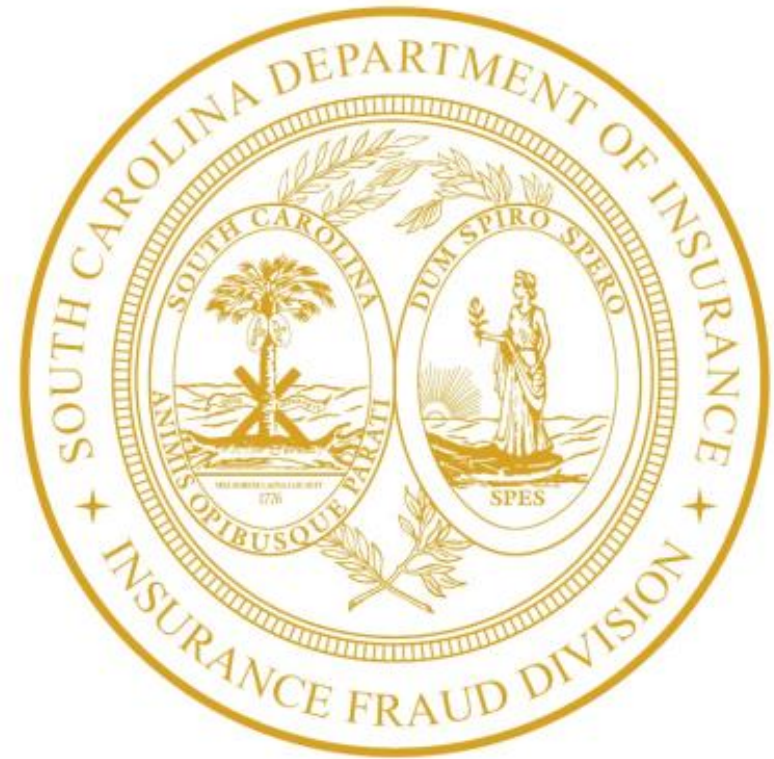
SUMMARY:

- To reduce insurance fraud in South Carolina, there is a need to prioritize insurance fraud cases without sacrificing agents in other areas of the agency with similar or greater need
- Add additional agents to investigate, administrative support staff, and identify technology that can assist in investigations
- Other states in the region (NC/VA/GA) have more agents per capita, as well as designated administrative support staff
- With additional staff, fewer cases would be declined and more would be investigated
- SLED currently has 269 open cases and has made 14 arrests so far this year
- 7 Agents assigned to work Insurance Fraud and 1 Program Coordinator
- 1 new Agent FTE to be added in the next budget



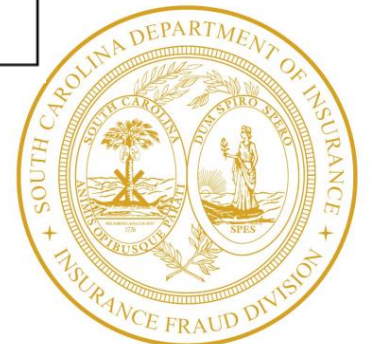
INSURANCE FRAUD PROSECUTION

- Following an arrest, the Attorney General's Office, Clerk of Court, Solicitor, and Public Defender are notified which prosecutor is handling the case.
- An indictment is prepared and submitted to the Attorney General's Office for review and approval with a signature from the AG.
- The Insurance Fraud Division then prosecutes the case in the same manner as other general prosecution cases handled by the Attorney General's Office.



2024 Annual Report Summary: Total Complaints

	2023	2024
Complaints received	3,663	4,947
Complaints referred to SLED for investigation	184	250
Complaints resolved by consent agreement (MOU)	9	45
Complaints referred to other agencies	99	67
Complaints declined for prosecution (includes complaints from prior years)	3,321	3,944
Complaints Related to Healthcare Market Place Unauthorized Transfers*	n/a	1,107
Complaints pending at end of year	1,673	1,207

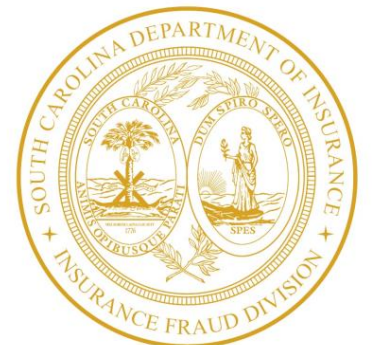


2024 Annual Report Summary

Disposition of Cases

Insurance Fraud Division Case Files

	2023	2024
Arrests by SLED in 2024	43	71
Arrests by Other Law Enforcement Agencies	2	5
Defendants Resolved by MOU	9	1
Defendants Convicted in General Sessions Court	11	34
Defendants Convicted in Magistrate/Municipal Court	n/a	1
Cases Dismissed by Prosecutor	2	3
Total Cases Closed	22	39
Cases Pending as of December 31 st	76	113



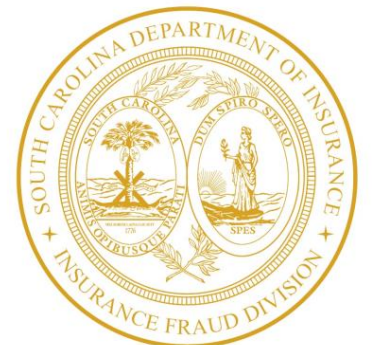
Fines and Restitution in 2024

Civil and Criminal Fines Ordered and/or Collected

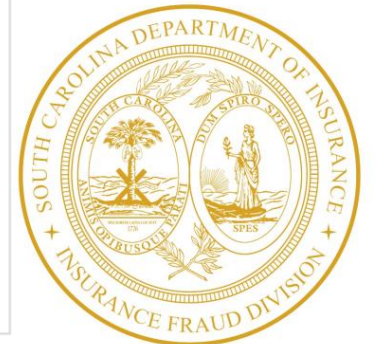
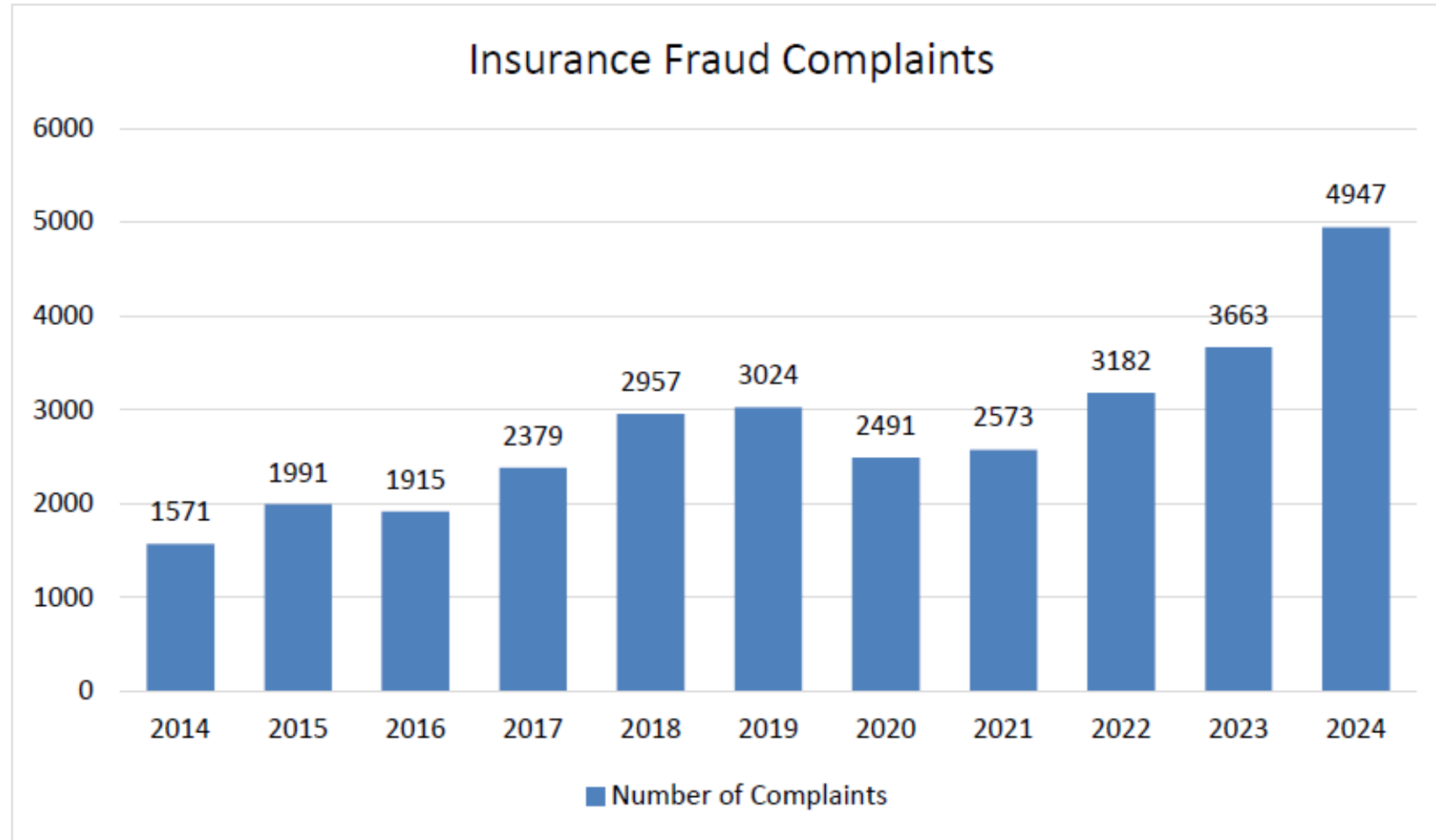
Source of Fines	2023 Amount	2024 Amount
Civil Fines Collected by Consent (MOU)	\$6,250	\$40,700
Civil Fines Collected Pursuant to Court Order	\$6,000	\$18,000
Total Civil Fines Collected	\$12,250	\$60,700
Total Court Ordered Criminal Fines	\$5,250	\$2,000
Total Civil & Criminal Fines	\$17,500	\$62,700

Restitution Ordered or Collected

Restitution	Amount	Amount
Restitution Ordered by Court	\$82,500.00	\$1,025,964.92
Restitution Paid Outside of Court	\$78,344.16	\$32,477.40
Total Restitution	\$160,844.16	\$1,058,442.32

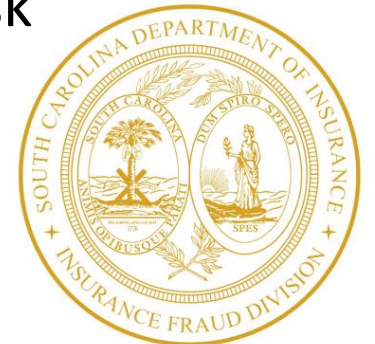


INSURANCE FRAUD IS ON THE RISE



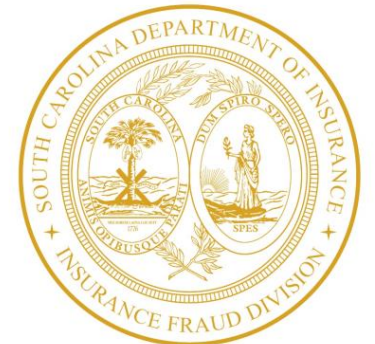
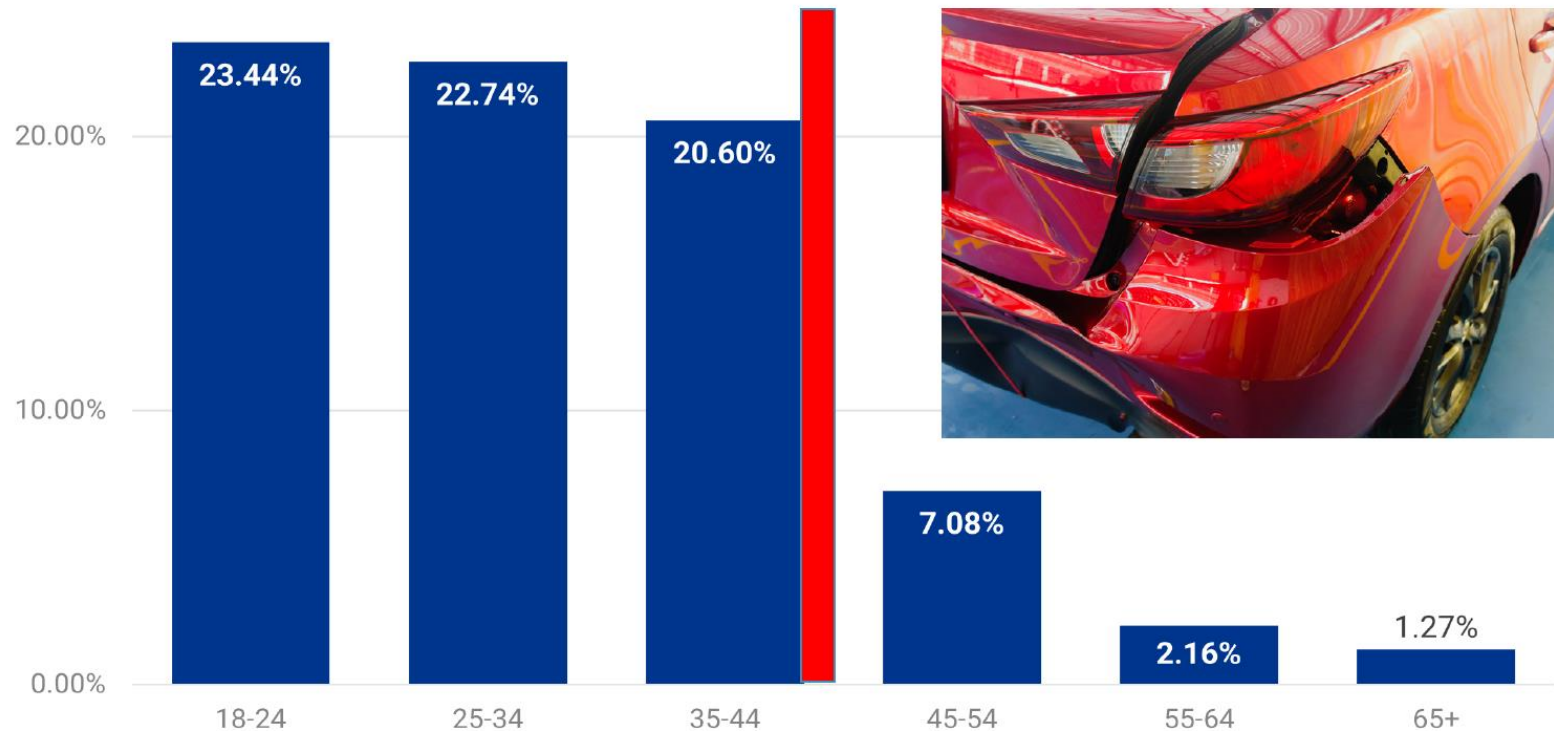
INSURANCE FRAUD IS ON THE RISE

- The Insurance Fraud Division has received record high numbers of complaints received in 2022, 2023, and 2024 (4,947)
- As of June 6, 2025, we have received approximately 2,700 complaints this year.
- The survey/study entitled “Who Me?”: Who Commits Insurance Fraud and Why indicates trouble ahead
 - Study conducted by the Coalition Against Insurance Fraud and Verisk
 - Surveyed more than 1,500 consumers matching 2020 Census data

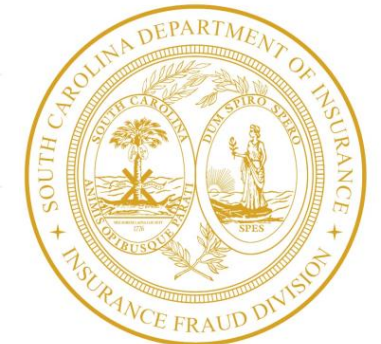
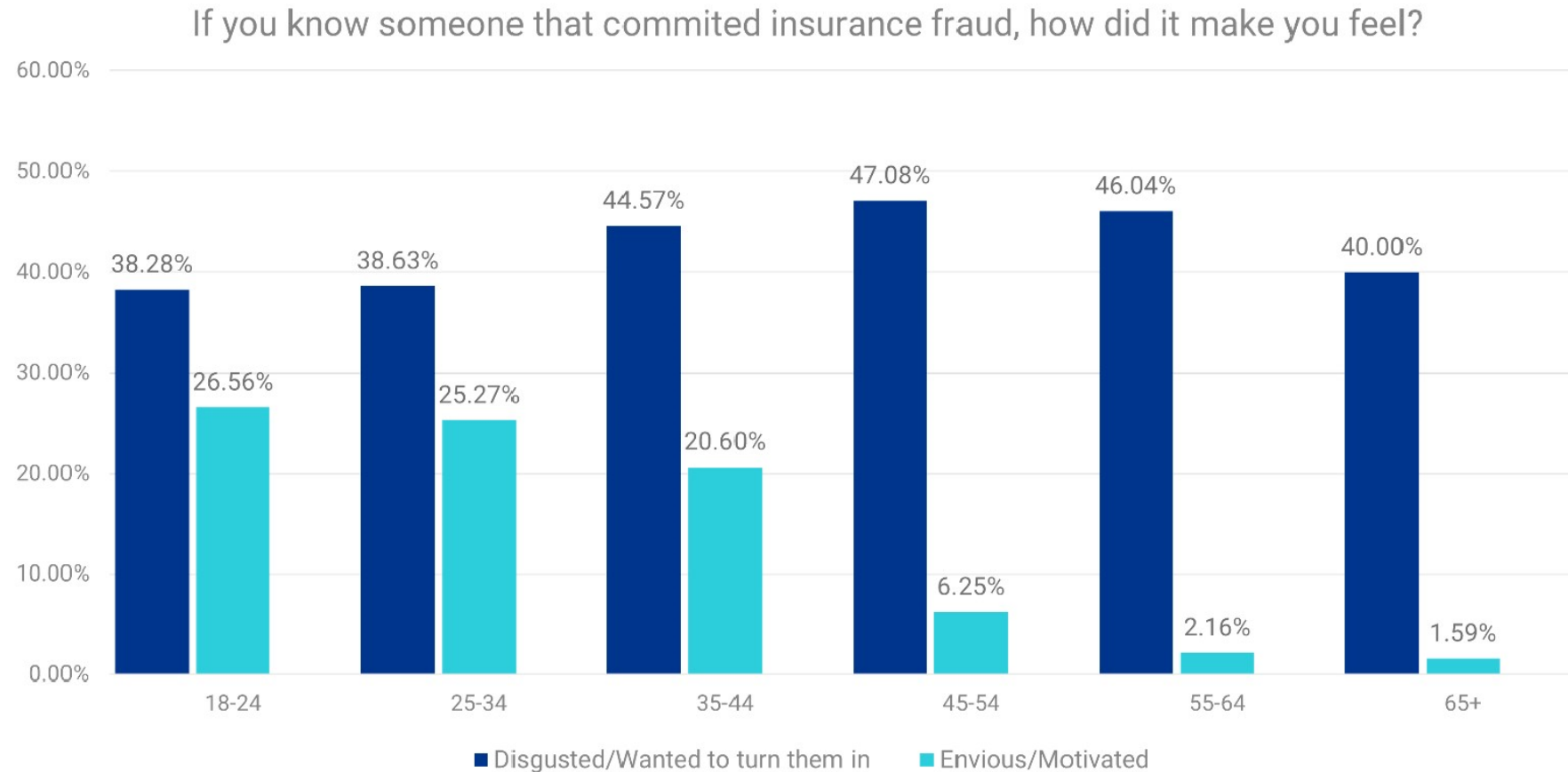


THE AMOUNT OF FRAUD IS LIKELY TO INCREASE SIGNIFICANTLY

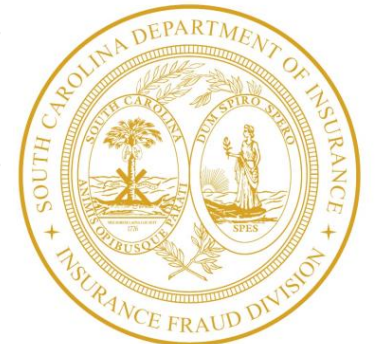
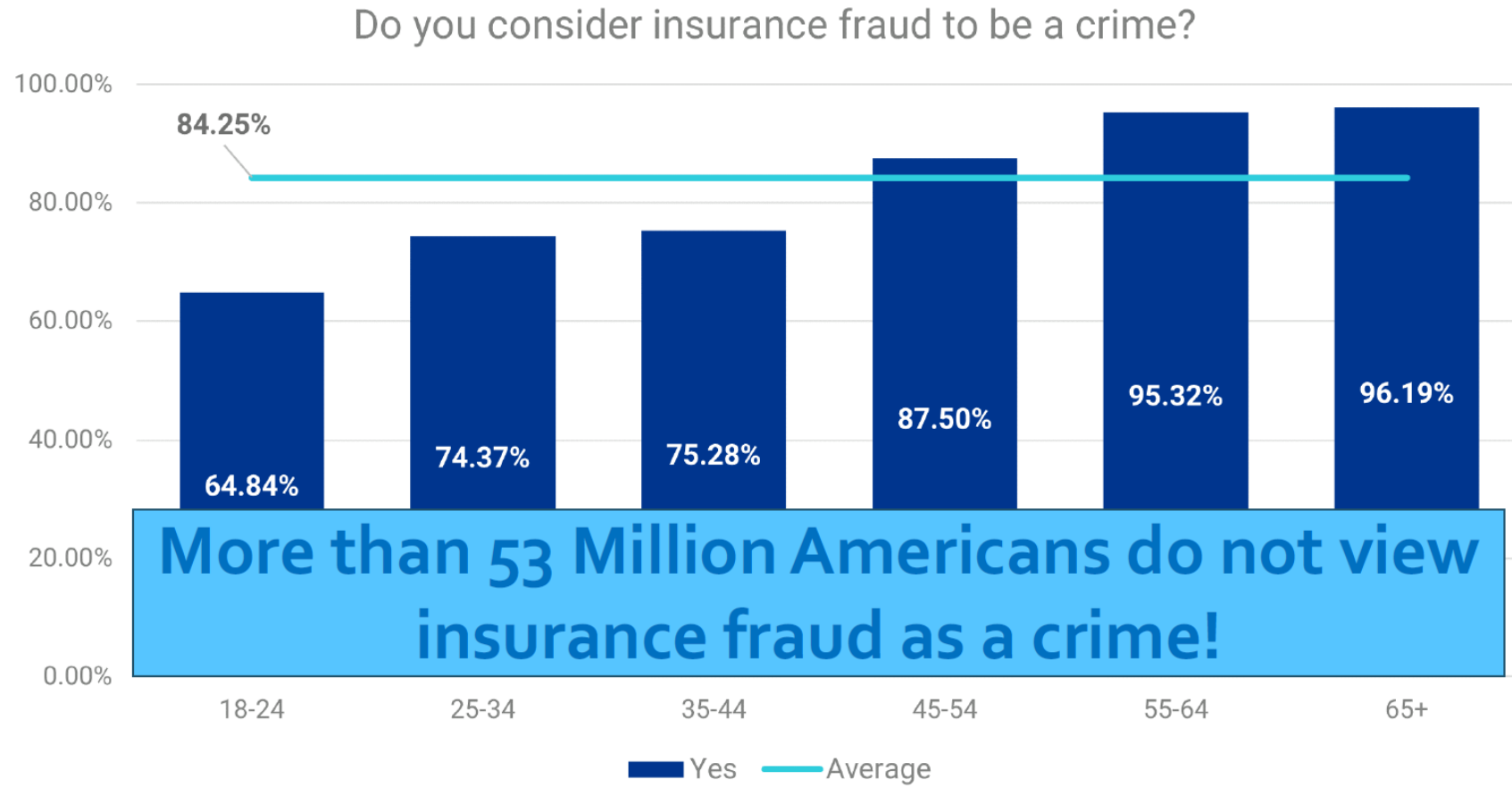
I definitely would submit a claim for vehicle damage caused in a prior car accident



THE AMOUNT OF FRAUD IS LIKELY TO INCREASE SIGNIFICANTLY

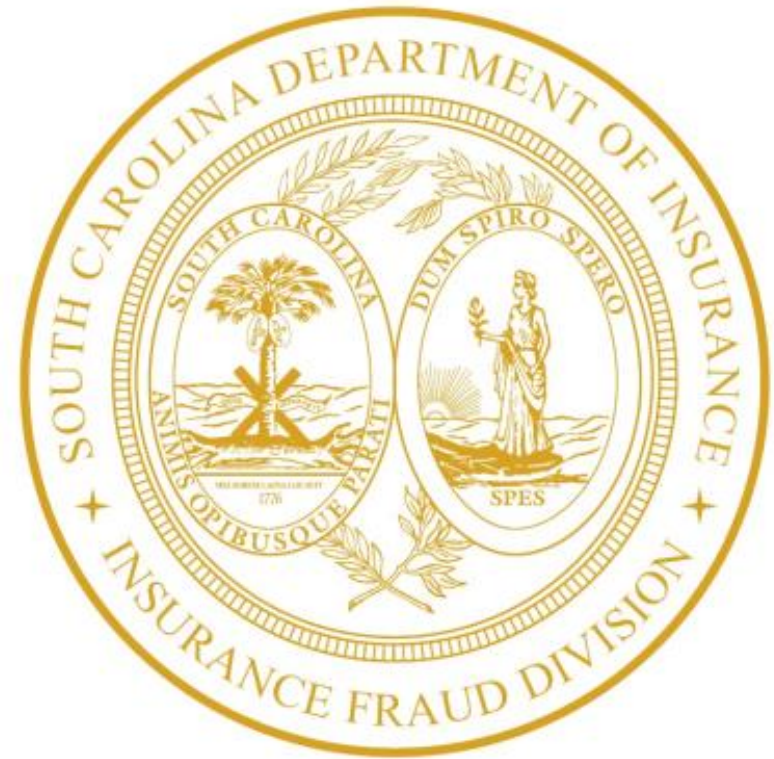


THE AMOUNT OF FRAUD IS LIKELY TO INCREASE SIGNIFICANTLY



OUTREACH, EDUCATION, AND MITIGATION

- **Interagency Cooperation and Roundtables**
- **Insurance Fraud Forums**
- **Law Enforcement Training w/ National Insurance Crime Bureau (NICB)**
- **Speaking Engagements w/industry and law enforcement groups**
- **Website Improvements**
- **Partnership with SCDOI – Office of Consumer Services**
 - **Awareness Events**
 - **Hurricane Claim Villages**



Insurance Fraud Awareness Brochure

- This 2-sided brochure and the following 2-sided, trifold brochure are handed out at SCDOI Awareness and Disaster Relief Events.



WHAT IS INSURANCE FRAUD?

INSURANCE FRAUD IS A CRIME!

\$308.6 Billion is lost to Insurance fraud each year!

IT'S A CRIME WE ALL PAY FOR!

Insurance fraud costs consumers approximately \$900 a year in additional premiums!

REPORT INSURANCE FRAUD!

If you believe someone's committing insurance fraud - REPORT IT!



www.doi.sc.gov



INSURANCE FRAUD COSTS THE U.S. \$308.6 BILLION A YEAR!

LET'S PUT THIS INTO PERSPECTIVE

HOW LONG TO SAVE?
Saving \$10,000 every single day, would take 82,192 years.

WHAT DOES IT WEIGH?
That number of one-dollar bills would weigh more than 11 tons.

TRAVELING THAT MANY MILES
Equals 12 million trips around the world.

OR
628,000 trips to the moon and back.

HOW LONG?
If you lived for 300 billion minutes, you would be 570,776 years old.

Insurance Fraud is the crime we all pay for.

www.doi.sc.gov

Home Repair Scam Brochure – Side 1

Red Flags of Fraud



Knocks on your door, seeking work



LOW PRICE

Low price has material left from another job



Demands full payment upfront

Pressures you to sign repair contract now



No license, proof of insurance

The Price You Pay

Shoddy, unsafe repairs
Weeks of stress fixing botched work
Claim may be denied for bogus repairs
You may pay thousands from your own pocket



Biggest Consumer Fears

36% Repair scam
50% Poor repairs



Biggest Fraud Flags

80% Demands cash upfront

PROTECT AGAINST HOME REPAIR SCAMS

Storm damages your home. You need repairs. Most contractors are honest — but watch for cons, bad repairs, insurance fraud.

The Repair Scams



Steals your downpayment, doesn't finish repairs



Increases repair bill to pump up claim



Damages your home to boost claim



Does shoddy work



Worst Consumer Complaints

#1 Home improvement-construction



Fight Back



Avoid door-knocking contractors ... use established pros



Have your insurer approve repairs in advance



Get signed contract before work starts



Check license, insurance with your state



Photograph bad repairs



Contact your insurer or the right government agency

REPORT INSURANCE FRAUD!

www.doi.sc.gov


South Carolina
Department of Insurance

SC DOI

Coalition Against Insurance Fraud

Data sources: Consumer Federation of America, HomeAdvisor

Home Repair Scam Brochure – Side 2



Roofing Scams?

Don't get blown away by fraud.

Check references, licensing and get competitive estimates
Always make sure you know who you are dealing with and charges are fair.


Be cautious about promises of quick service and stocked materials for savings, especially after major storms
Scammers know what to say in desperate times, avoid promises sounding too good to be true.

Offering to waive deductibles may be illegal
Know your state laws, don't let a desperate situation turn into a permanent nightmare for you or your family.

Avoid demands for high advance payments for work
Reasonable advance payments are normal, demands for high up-front deposits warn of fraud.

Some contractors will actually cause or try to increase damage
Most are honest, but shady contractors may try to take advantage of the situation.

Read contracts carefully and avoid signing away your rights to your insurance coverage to third parties. You may find yourself in a lawsuit you never authorized.
Take the time to look over and understand the contract before signing it, it will be to your advantage to do so.



Water Mitigation Scams?

Don't get soaked by fraud.

KNOW WHAT IT IS GOING TO COST BEFORE YOU SIGN!
When you are signing a contract that says they can't tell you what it is going to cost however, "you are responsible for all costs that your insurance company does not pay." This could cost you thousands of dollars.

DON'T RELY ON YOUR PLUMBER OR ANYONE ELSE WHO REFERS A WATER MITIGATION COMPANY.
Find out if your plumber will receive a referral fee. Some plumbers have received as much as \$1,000 for a referral.

DON'T ACCEPT REFERRALS FOR SERVICES BLINDLY.
Call your insurance company for a list of "preferred" companies. These companies have been vetted by your insurance company. A preferred vendor company knows the processes and will be fair to you and your insurance company. Search social media, search engines, and the Better Business Bureau for complaints.

BE AWARE OF EQUIPMENT USED
Pay attention to the numbers and size of equipment being used by contractors to help you identify if you are being billed appropriately and retain records of any communication with vendors, including text messages, call logs, and emails.

Public Adjusters and Your Claim

Know and check before you sign!

WHAT IS A PUBLIC ADJUSTER?
Public Adjusters (PA) are professional claims adjusters who represent the policyholder in their insurance claim. PA's are paid a percentage of your claim recovery or an hourly rate.

HOW DO I FIND A REPUTABLE PA?
SCDOI has a directory (www.doi.sc.gov). You can also check the website of the National Association of Public Insurance Adjusters (www.napia.com).

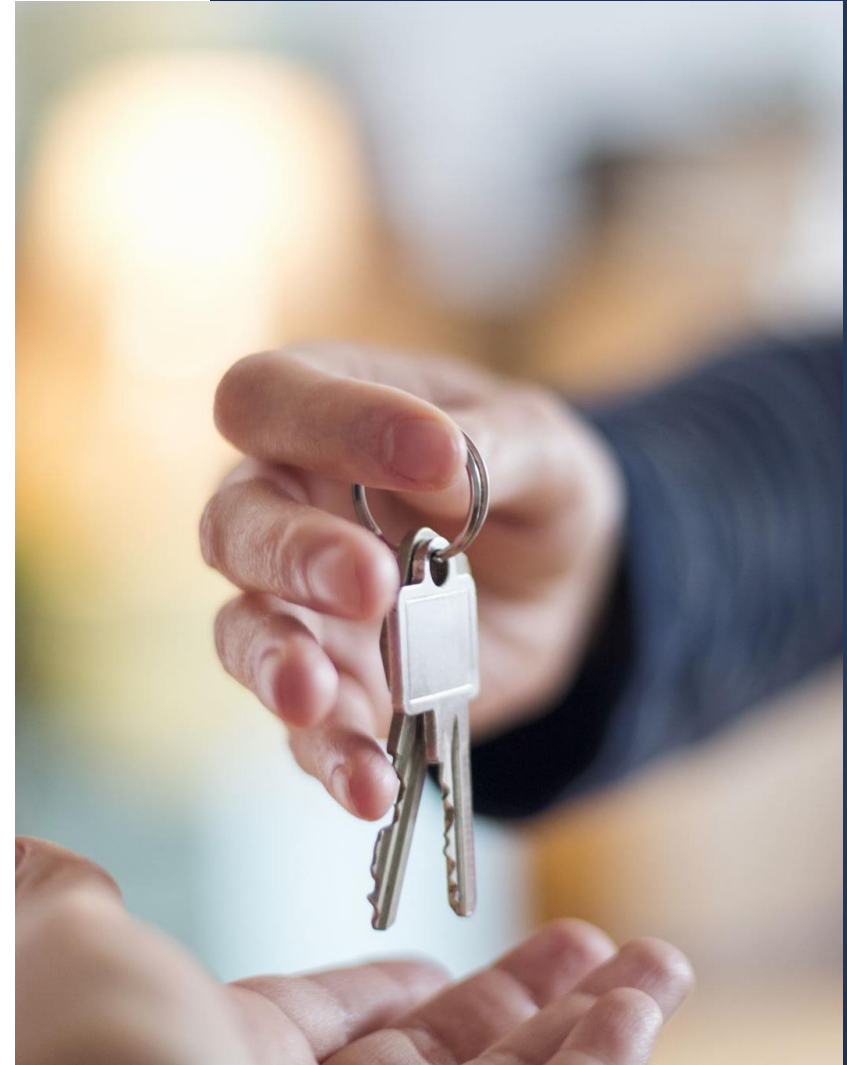
CHECK AND VERIFY
First, decide if you need a PA to assist or if you want to work directly with your insurer. If you do hire a PA, ask for references. Search social media, search engines, and the Better Business Bureau for complaints.

HOW DO I PROTECT MYSELF?
PA's help adjust your claim only. They should not also do the repairs or be your contractor. In some states doing so is illegal.

WE ALL PAY FOR INSURANCE FRAUD. CHECK AND VERIFY BEFORE YOU SIGN ANY CONTRACT!

Insurance Fraud Prevention Strategies

- Prevention and awareness are key components of the fight against insurance fraud.
- Effective prevention strategies will help maintain a competitive and stable insurance market for insurance consumers.
- Over the next fiscal year, the Department will enhance its initiatives involving:
 - **Consumer Education.** Raising awareness among policyholders about the various forms of insurance fraud and the consequences.
 - The Department will conduct a public awareness campaign that
 - Educates consumers on the types of insurance fraud;
 - Teaches consumers how to spot insurance fraud; and
 - The impact of insurance fraud on insurance premiums and coverage availability.
 - Partner with other state agencies such as the Department of Consumer Affairs, the South Carolina Department of Motor Vehicles, Office of Aging, etc. to share information with their stakeholders about fraud education and best practices for fraud prevention.



POTENTIAL FUTURE SOLUTIONS

INSURANCE FRAUD STAFFING CHALLENGES

Insurance Fraud Division in 2009

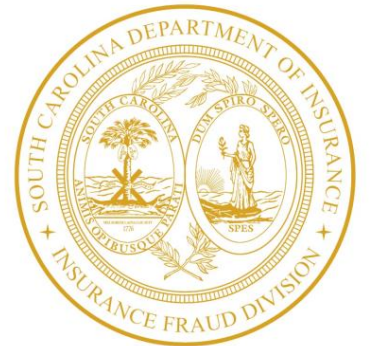
- 1 Director
- 4 Attorneys
- 3 AG Support Staff
- 1 SLED Supervisor
- 4 SLED Agents
- 1 Admin for SLED

834 Complaints

Insurance Fraud Division in 2024

- 1 Director
- 4 Attorneys
- 3 DOI Support Staff
- 1 SLED Supervisor
- 5 SLED Agents
- No Admin for SLED

4,947 Complaints

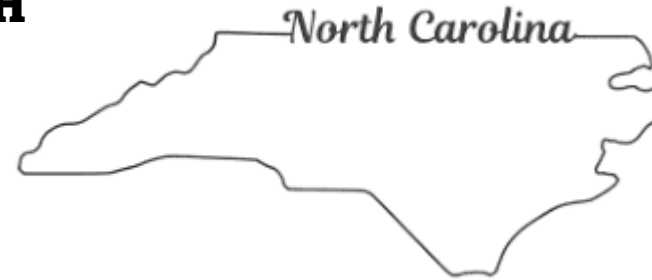


INSURANCE FRAUD STAFFING COMPARISONS WITH OTHER SOUTHEASTERN STATES



- POPULATION: 5 MILLION PEOPLE
- INVESTIGATING FRAUD: 7 AGENTS (5 in 2024)
- 4,947 Complaints received in 2024
- 152 SLED cases opened in 2024
- 71 Arrests in 2024

VS.



- POPULATION: 10 MILLION PEOPLE
- INVESTIGATING FRAUD: 51 AGENTS
- 6,992 Complaints received in 2024
- 2,162 Cases opened in 2024
- 408 Arrests in 2024



- POPULATION: 8 MILLION PEOPLE
- INVESTIGATING FRAUD: 28 AGENTS
- 1,416 Cases received in 2023
- 380 Investigations initiated in 2023
- 52 Arrests in 2023

STAFFING MAKES A DIFFERENCE IN THE FIGHT AGAINST FRAUD



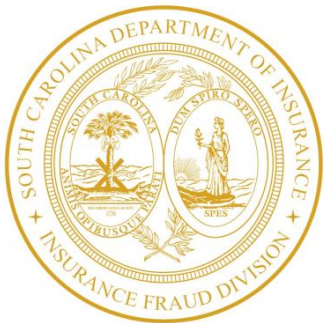
PERSONNEL NEEDED TO EFFECTIVELY FIGHT INSURANCE FRAUD IN SOUTH CAROLINA

SCDOI – INSURANCE FRAUD DIVISION

- 1 Director
- 9-12 Prosecutors
- 3-4 Legal Support Staff
 - paralegals, legal assistant
- 4 Program Staff including:
 - a data analyst
 - education/outreach coordinator
 - forensic investigator

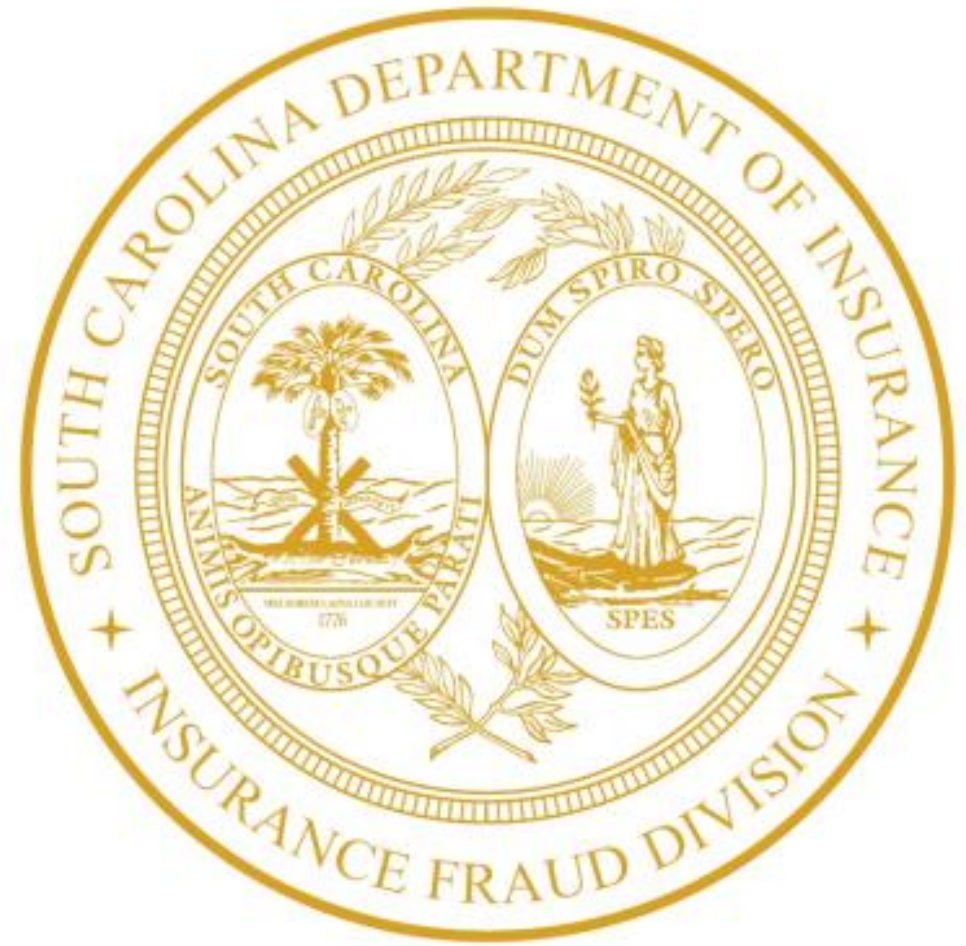
SLED – INSURANCE FRAUD UNIT

- 1 Captain
- 3 Lieutenants
- 21-25 Special Agents
- 1-2 Admin/Program Coordinators



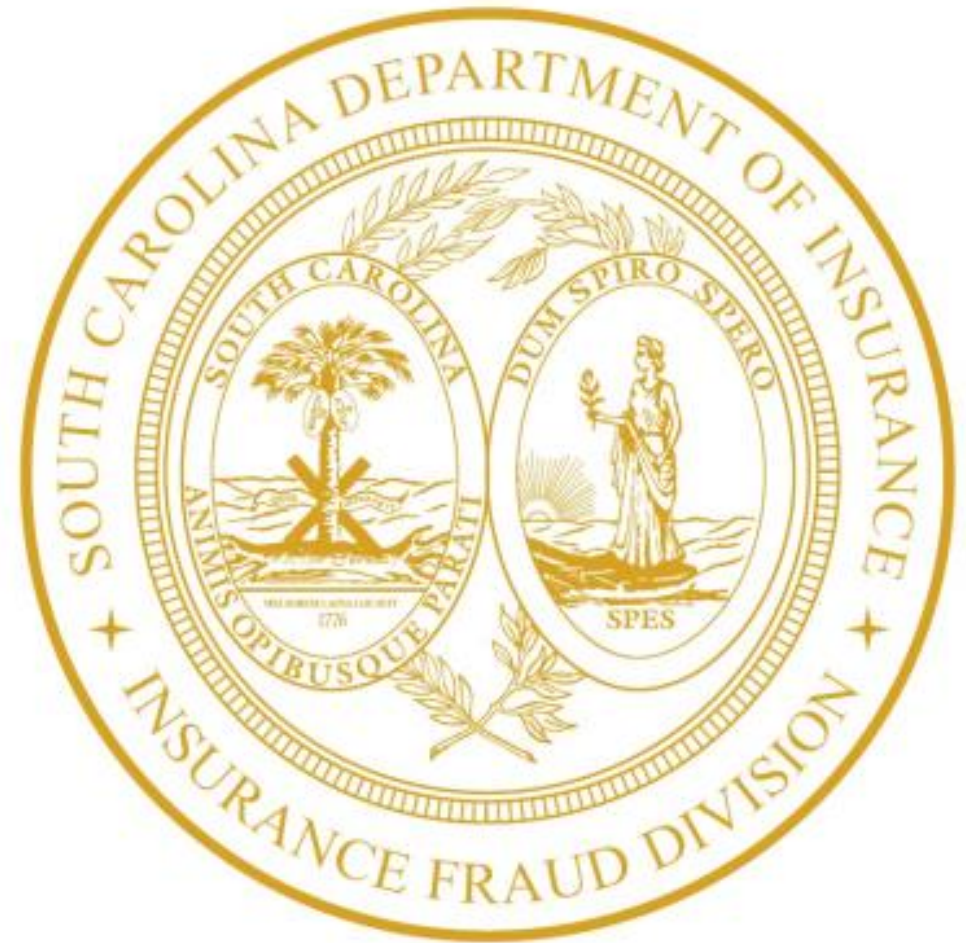
LEGISLATIVE SOLUTIONS

- Update the Omnibus Insurance Fraud and Reporting Immunity Act to codify the intent of the Insurance Fraud Division MOU
- Permanent funding and creation of needed FTE positions for SLED and SCDOI
- New insurance fraud related statutes and investigative authority



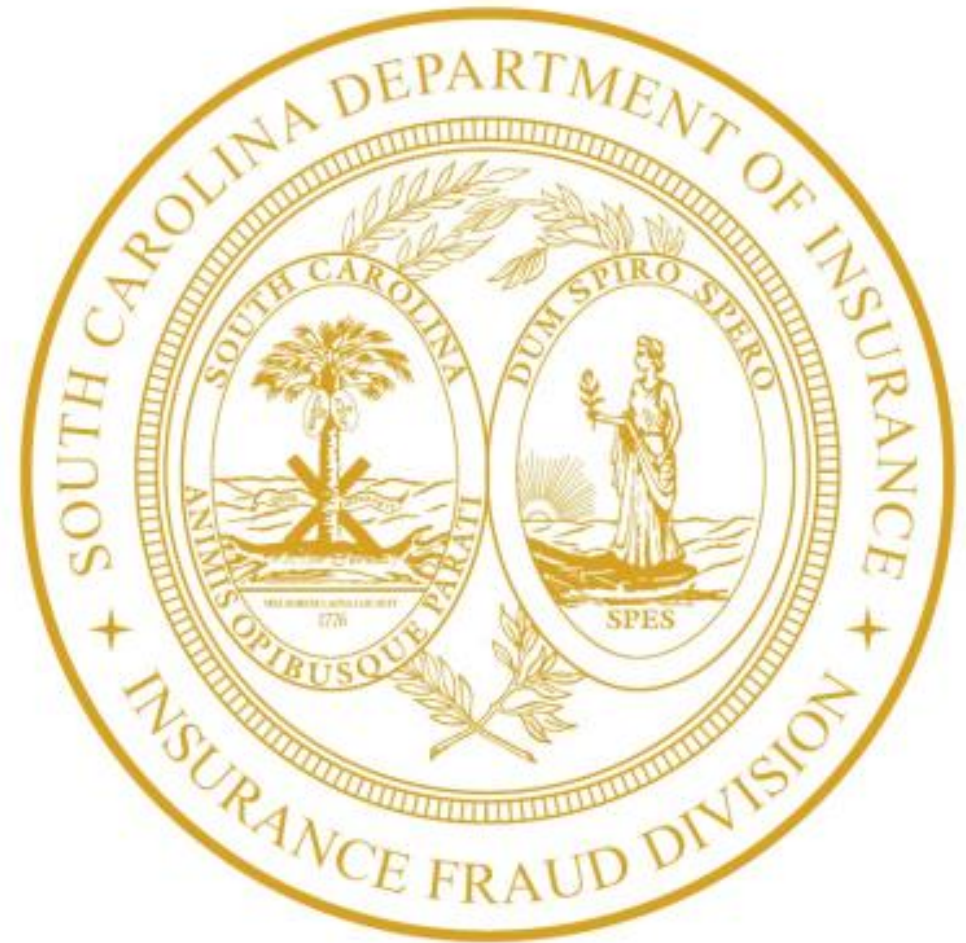
THE MOU IS A TEMPORARY SOLUTION

- Codification of the MOU to make permanent the current location of the Insurance Fraud Division is our utmost legislative priority
- 90 DAYS NOTICE BY ANY OF THE 3 AGENCIES CAN END THE ARRANGEMENT
- The MOU arrangement is subject to non-recurring funding



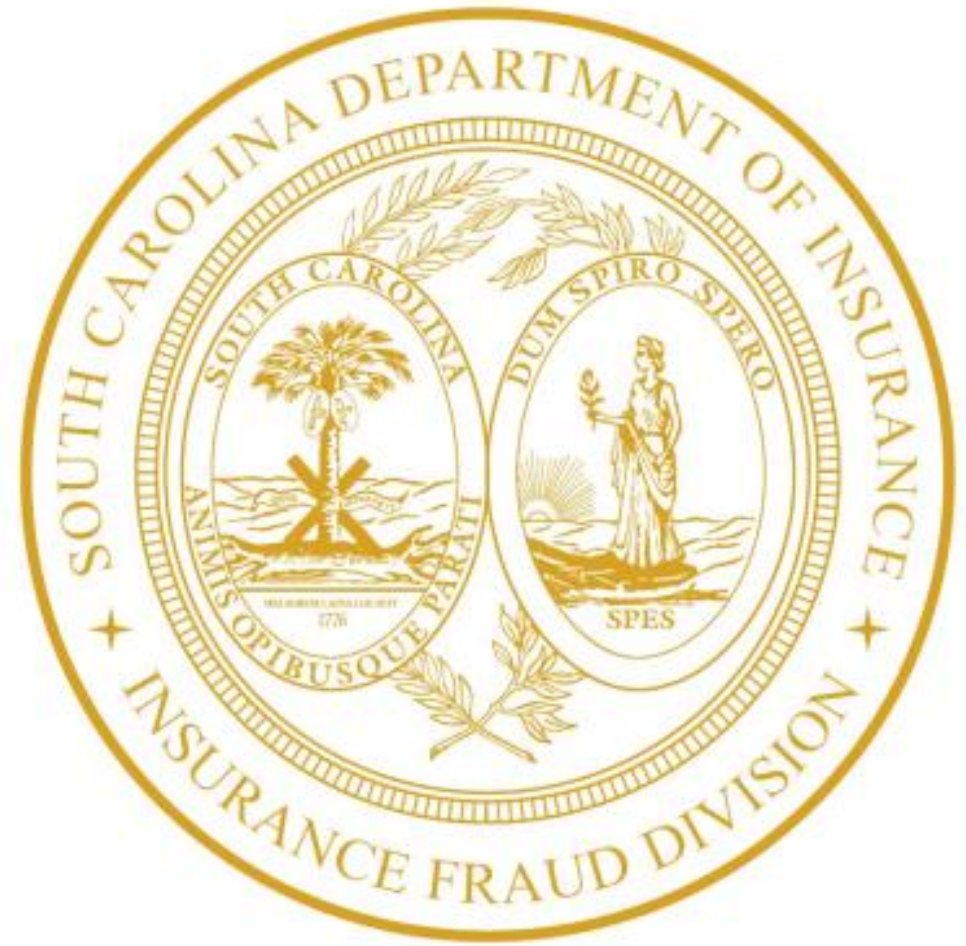
ADDITIONAL STAFF FOR DOI & SLED

- Additional staff for SLED and DOI are needed to:
- Increase capacity for proactive vs. reactive investigations
- Increase public awareness about insurance fraud
- Increase efforts for deterrence
- Maximize prosecution results



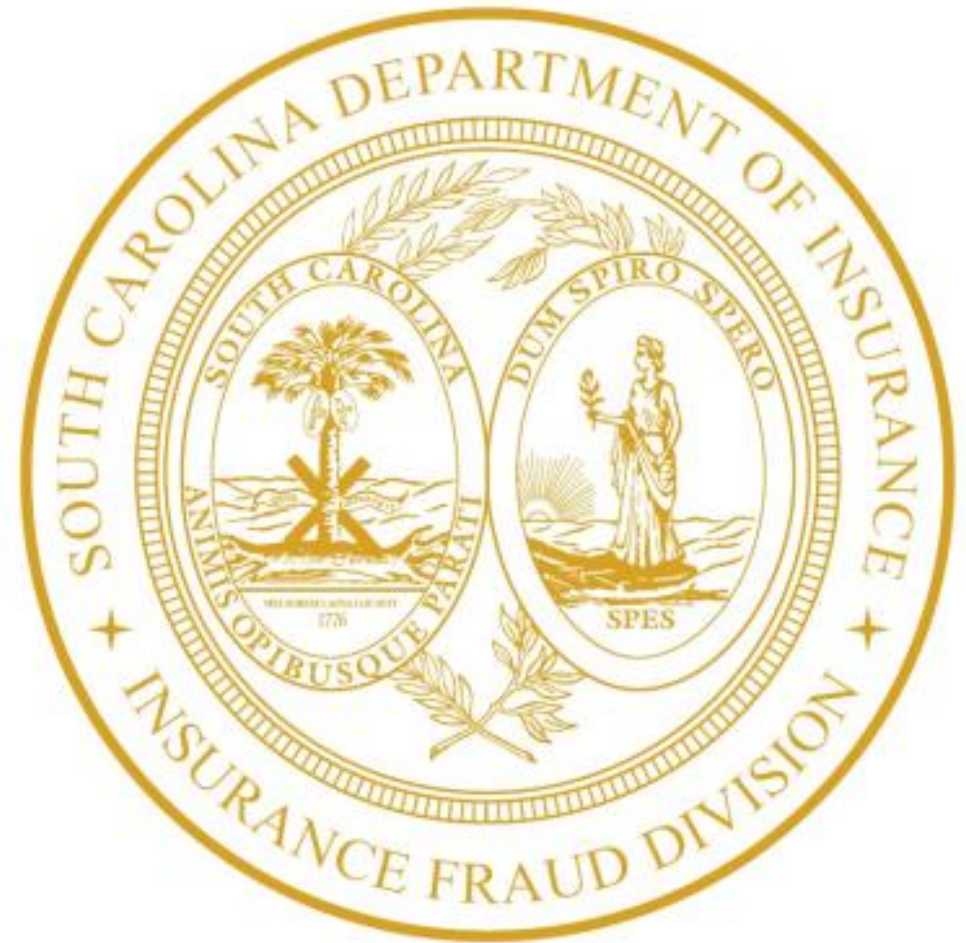
ADDITIONAL STATUTORY TOOLS

- New criminal offense for staging vehicle collisions
- Civil forfeitures
- State Grand Jury jurisdiction
- Recidivism Statute



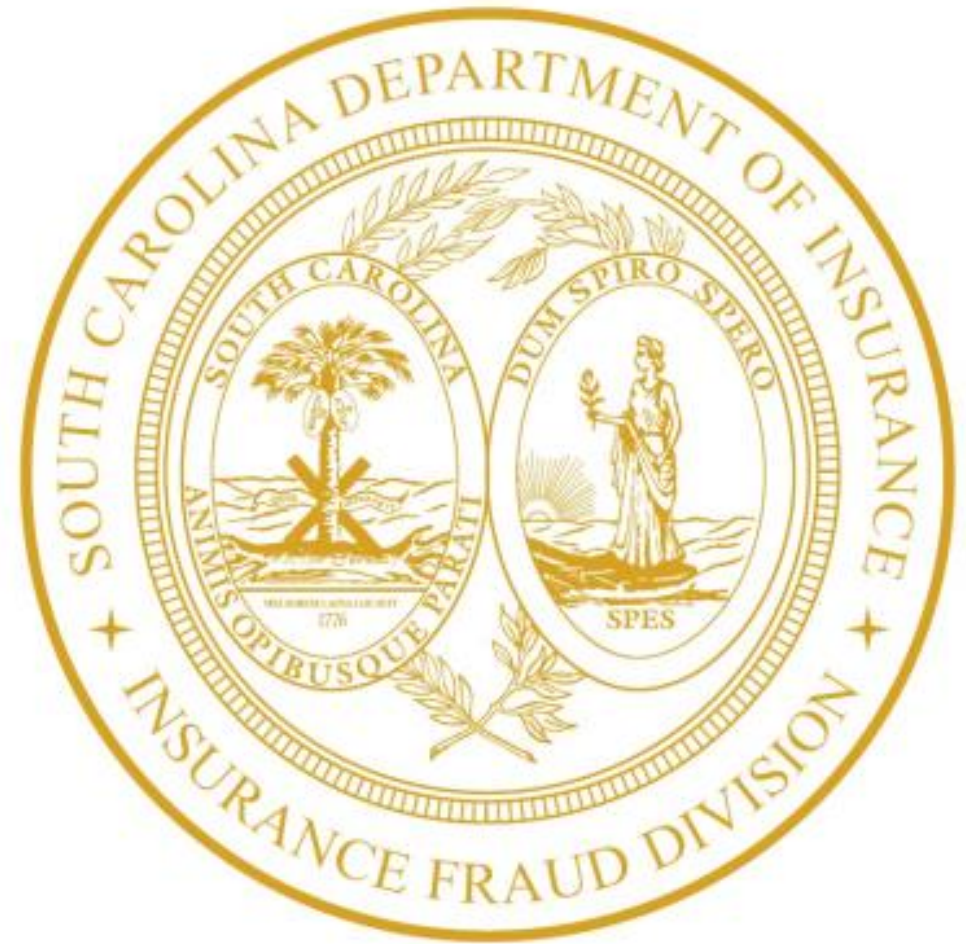
ADDITIONAL STATUTORY TOOLS

- Proposed Section 38-55-171 to create new felony offenses of “Staging a Motor Vehicle Collision” and “Aggravated Staging a Motor Vehicle Collision”
- New York, Louisiana, Georgia, Colorado, and California have all passed statutes making it a crime to stage an automobile accident for insurance fraud



ADDITIONAL STATUTORY TOOLS

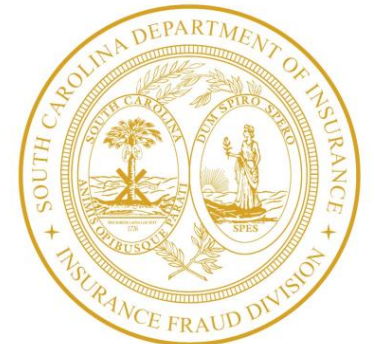
- Proposed Section 38-55-173
- This proposed statute would authorize and create procedures for the confiscation and forfeiture of property used to commit or facilitate the commission of violations of Sections 38-55-170; 38-55-540, and the proposed Section 38-55-171
- The risk of property confiscation will serve as a deterrent and make future fraud attempts more difficult



ADDITIONAL STATUTORY TOOLS

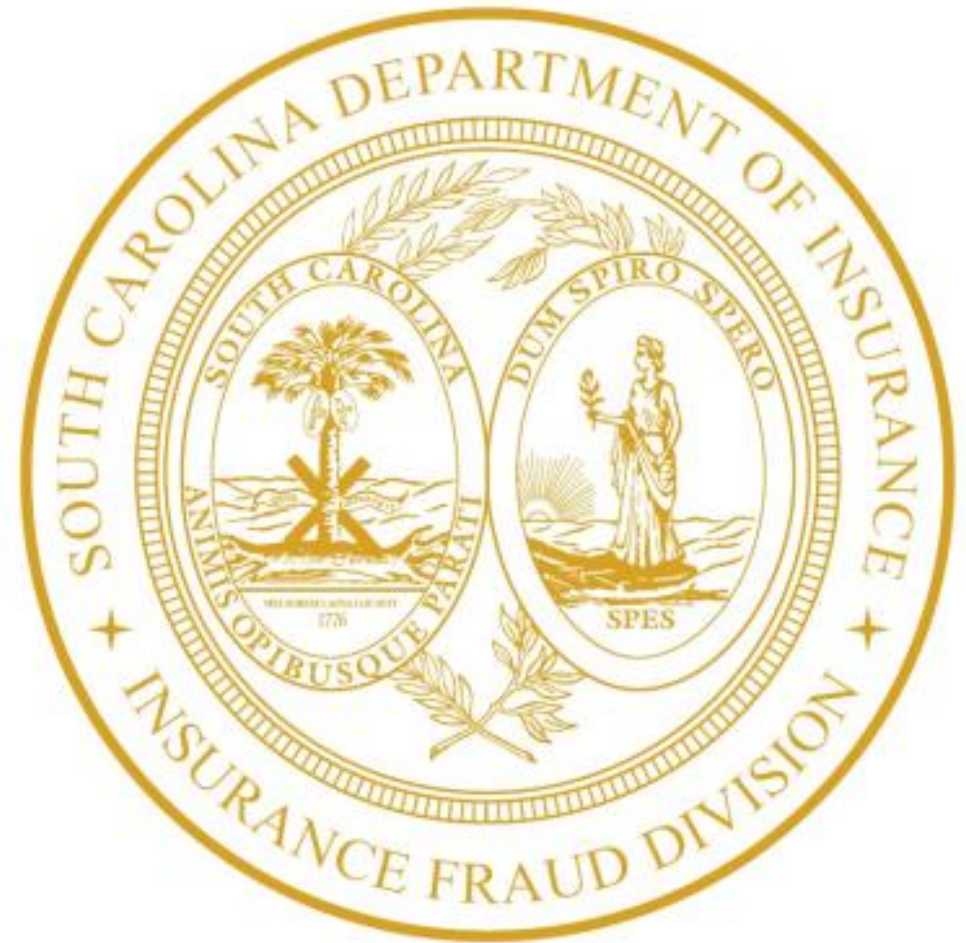
- Grant of State Grand Jury subject matter jurisdiction for insurance fraud by amending Section 14-7-1630(A) to include:

“(14) a crime involving insurance fraud including, but not limited to, a violation of the statutes under the South Carolina Omnibus Insurance Fraud and Reporting Immunity Act or a crime arising out of or in connection with insurance fraud.”



ADDITIONAL STATUTORY TOOLS

- Amend Section 17-25-45(B)(2)(b) to define the following offenses as “Serious” Offenses:
 - Presenting False Claims for Payment, Section 38-55-170(1)
 - Making False Statement or Misrepresentation, Sections 38-55-540(3) - 540(5)
- This change will deter recidivism and allow for appropriate punishment for defendants who continually commit higher dollar-value levels of insurance fraud



QUESTIONS ???

