Insurance-Related Crime

Insurance Fraud

Property/casualty fraud in Michigan totals an estimated $900 million, or about 10 percent of claims. Adding other types of insurance to the equation, like health, life and specialty insurance, makes the total cost of fraud almost $3 billion.

Insurance fraud occurs when people deceive an insurance company or agent to collect money that isn't entitled to them. Insurance fraud perpetrators can be members of complex, organized fraud rings or the next-door neighbor looking for additional income. Examples of fraud include: inflating a claim to get out of paying a deductible or to cover past insurance premiums; orchestrating the destruction of an owned automobile, home or business to collect insurance; exaggerating the extent of a minor injury to collect workers' compensation benefits; and billing insurance companies for medical services that were not rendered.

In Michigan, insurance fraud is a felony. Criminals face a $50,000 fine, up to four years in jail and mandatory restitution.

Insurance fraud is hard to measure because so much goes undetected, and complete research has yet to be done. There is enough evidence, however, to know that fraud is widespread — and expensive.

According to the Coalition Against Insurance Fraud, healthcare fraud alone costs Americans $54 billion a year. More than one third of people hurt in auto accidents exaggerate their injuries. This adds $13-$18 billion to America's annual insurance bill, notes a study by the Rand Institute for Civil Justice.

Many people believe that insurance fraud is a low-risk crime. Insurance cheaters view insurance fraud as a low-risk, high-reward game, and far safer than drug trafficking or armed robbery. For example:

- Six states still don't have specific insurance fraud laws, thus discouraging many prosecutors from tackling tough fraud cases.
- Courts are getting tougher on convicted schemers, but too often jail sentences still are light, with courts often reserving space in overcrowded prisons for people convicted of more-violent crimes.
- Professional societies overseeing doctors and lawyers often are reluctant to discipline peers convicted of insurance fraud.

To combat insurance fraud, insurance companies are increasing efforts to fight fraud by establishing Special Investigative Units (SIU) which train insurance personnel to identify suspicious losses that should be given a closer look.

Examples of Michigan Fraud

A 79-year-old Greenville man was convicted of burning his "haunted mill" business in 2003. He collected about $300,000 from his insurance company. He was also linked to three mobile home fires.

A Saginaw tax preparer was sentenced to 35 months in prison her role in filing fraudulent returns and an insurance fraud scheme. According to court records, from 2006-2008, she and others participated in preparing claim forms seeking payment from Progressive Michigan Insurance Company for home health care services. The insurance claims contained false information that fabricated the hours worked and services provided.

An insurance company won a $500,000 settlement from a home care agency that was submitting bills for providing attendant care to individuals injured in car crashes. However, in sworn statements it was found that some of those individuals were being left alone and not receiving the care included in the billing statements.

In Clinton, a man was convicted for his involvement in an insurance fraud scheme to make a pickup truck, trailer and motorcycle disappear to collect on the insurance profits.

Insurance-Related Crime

The Crime of Arson

One out of every three fires reported in Michigan during 2012 was an arson or suspicious blaze, according to a statewide group formed to combat intentionally-set fires in this state. During 2012, there were 2,644 arson and another 8,363 suspicious fires reported in this state.

The dollar loss of arson and suspicious fires totaled more than $277 million during 2012. These loss figures do not include indirect costs such as medical care, funeral expenses, temporary shelter, business interruption, demolition, fire investigation, prosecution, court proceedings and incarceration. Arson also has a significant impact on what Michigan residents pay for insurance.

Persons who commit arson are from all age groups, occupations and backgrounds. Most arsonists work alone; however, some do work in a group. Arsonists may set fires after careful planning or impulsively. Their methods range from matches to sophisticated chemicals to start the deed.

Motives for committing arson may include:

Profit: Some people who can't meet financial obligations may burn their property to collect insurance. They also may hire professional torches who sell their service for a fee.

Attention: Some people commit arson to make a point and get support for a cause, to hit a political target or get recognition within a group.

Conceal A Crime: Burglars, murderers and drug addicts may burn a building to destroy evidence of a crime.

Revenge: Rivals, unhappy employees, people who have ended relationships and others who have been cheated may set fires to get even.

Malicious Mischief: Juveniles sometimes set fires out of boredom or as a way to strike back against authority.

One way citizens can help fight this crime is to report it. Since 1975, the Michigan Arson Prevention Committee has administered a statewide tip reward program to help put arsonists where they belong – behind bars. Funded by insurance companies, the program has paid out $802,000 in rewards since its inception. It has led to the arrest of 1,199 individuals on arson and related charges during that same time.

Arson Control pays up to $5,000 for information that leads to the arrest and/or conviction of arsonists. Any citizen who has information about an incendiary or suspicious blaze can call 1-800-44-ARSON.

Arson Statistics
2008-2013

	2008	2009	2010	2011	2012	2013
Number of incendiary/ suspicious fires	10,564	11,767	11,326	10,552	11,007	9,118
Dollar Loss (millions)	$260	$120	$478	$166	$277	$451
Average dollar loss per fire	$24,516	$10,190	$42,203	$15,738	$25,165	$25,551

Source: Michigan Bureau of Fire Safety (there is no report for 2007)

Insurance-Related Crime

Arson by County 2013

County	# of Fires	Arson/ Suspicious	% Total
Alcona	43	9	21%
Alger	16	1	7%
Allegan	201	45	23%
Alpena	49	16	33%
Antrim	76	29	39%
Arenac	45	19	43%
Baraga	13	4	31%
Barry	100	28	28%
Bay	258	47	19%
Benzie	34	5	15%
Berrien	433	137	32%
Branch	148	28	19%
Calhoun	282	73	26%
Cass	145	48	34%
Charlevoix	43	12	28%
Cheboygan	56	13	24%
Chippewa	83	19	23%
Clare	97	39	41%
Clinton	105	25	24%
Crawford	89	19	22%
Delta	69	15	22%
Dickinson	51	9	18%
Eaton	355	85	24%
Emmet	85	14	17%
Genesee	1,134	521	46%
Gladwin	36	4	12%
Gogebic	16	11	69%
Grand Traverse	177	47	27%
Gratiot	95	34	36%
Hillsdale	110	33	30%
Houghton	49	6	13%
Huron	49	17	35%
Ingham	673	174	26%
Ionia	83	25	31%
Iosco	111	20	18%
Iron	42	5	12%
Isabella	79	22	27%
Jackson	347	84	25%
Kalamazoo	452	99	22%
Kalkaska	34	4	12%
Kent	1,295	259	20%
Keweenaw	5	1	20%
Lake	57	13	23%
Lapeer	193	22	12%
Leelanau	35	8	23%
Lenawee	212	59	28%
Livingston	355	90	26%
Luce	0	0	0%
Mackinac	24	3	13%
Macomb	1,547	386	25%
Manistee	47	7	15%
Marquette	140	37	27%
Mason	69	13	19%
Mecosta	80	16	20%
Menominee	55	18	33%
Midland	150	43	29%
Missaukee	51	10	20%
Monroe	264	66	25%
Montcalm	163	56	35%
Montmorency	21	2	10%
Muskegon	515	125	25%
Newaygo	97	27	28%
Oakland	1,837	442	24%
Oceana	67	15	23%
Ogemaw	81	30	37%
Ontonagon	3	1	33%
Osceola	48	22	46%
Oscoda	46	2	5%
Otsego	18	5	28%
Ottawa	396	80	21%
Presque Isle	42	11	27%
Roscommon	83	25	31%
Saginaw	776	241	31%
St. Clair	372	109	30%
St. Joseph	31	6	20%
Sanilac	44	13	30%
Schoolcraft	26	3	12%
Shiawassee	66	18	28%
Tuscola	134	42	32%
Van Buren	212	48	23%
Washtenaw	710	135	19%
Wayne	8,496	4,740	56%
Wexford	96	24	25%
TOTAL	**25,226**	**9,118**	**37%**

Source: Michigan Bureau of Fire Safety

Insurance-Related Crime

Auto Theft
2009-2013

Auto Theft	2009	2010	2011	2012	2013
Number of reported total offenses	29,647	26,875	25,048	24,973	24,369
Number of persons arrested	2,600	2,023	1,944	1,775	1,663

Source: Michigan Department of State Police

Auto Theft

From 2010 to 2011, auto thefts in Michigan declined 7 percent, according to the Michigan State Police. In 2011, 25,048 vehicles were reported stolen in Michigan, compared with 26,875 in 2010.

Auto theft is covered under the comprehensive section of an auto insurance policy. Theft coverage applies to the loss of the vehicles as well as parts of the car such as air bags. Comprehensive coverage, which is not mandatory, also pays for fire, vandalism and weather-related damage including damage from flooding and earthquakes.

Premium rates for comprehensive insurance are affected by the risk of loss, meaning the likelihood that an insured car will be stolen or damaged and the car's value at the time of the loss. The dollar size of claims has been going up, reflecting the higher value of new cars on the road, the value of the cars that are targets for theft or are damaged and the cost of vehicle bodywork. Vehicle bodywork costs include replacing stolen components. Nationally, more than 75,000 airbags are stolen every year. Thefts of xenon headlights are also a growing problem.

In Michigan, there is a tip reward program, funded by the insurance industry, to catch car thieves. Since its inception in 1985, tips to HEAT (Help Eliminate Auto Thefts) have led to the recovery of nearly $54 million in stolen property and the arrests of more than 3,500 suspects involved in auto theft rings, chop shops, carjackings, fraudulent car thefts, among other crimes. Also, HEAT has paid nearly $3.8 million in rewards over the last 25 years.

Anyone with information on auto theft, carjacking, chop shops and auto insurance fraud in Michigan is encouraged to call the HEAT tip line, 1-800-242-HEAT, to provide a confidential report. HEAT works with Michigan law enforcement agencies to follow up on tips. Tipsters are awarded up to $1,000 if their tip leads to the arrest and prosecution of a suspected car thief or a person suspected of auto theft-related insurance fraud. Rewards of up to $10,000 are issued if a tip results in the arrest and binding over for trial of a suspected theft ring or chop shop operators. HEAT rewards up to $2,000 for information leading to the issuance of a warrant for a carjacking suspect. The HEAT tip line is monitored by the Michigan State Police and funded by Michigan's auto insurance companies.

Most Stolen Vehicles in Michigan - 2011

2000 Dodge Caravan
2004 Chevrolet Impala
1997 Ford Pickup Truck
1997 Ford Taurus
2002 Dodge Intrepid
2005 Ford Pickup Truck
1997 Pontiac Grand Prix
2011 Chevrolet Malibu
2002 Dodge Stratus
2003 Dodge Pickup Truck

Insurance-Related Crime

	2013	2012
Alcona	3	3
Alger	3	5
Allegan	74	57
Alpena	11	8
Antrim	15	26
Arenac	7	12
Baraga	1	1
Barry	40	35
Bay	118	97
Benzie	3	1
Berrien	157	122
Branch	28	17
Calhoun	170	173
Cass	16	25
Charlevoix	11	12
Cheboygan	12	13
Chippewa	17	11
Clare	33	4
Clinton	36	28
Crawford	4	7
Delta	14	30
Dickinson	7	2
Eaton	78	73
Emmet	11	11
Genesee	705	952
Gladwin	8	16
Gogebic	4	5
Grand Traverse	36	42
Gratiot	15	14
Hillsdale	27	16
Houghton	12	10
Huron	9	14
Ingham	585	452
Ionia	34	52
Iosco	9	15
Iron	13	12
Isabella	45	35
Jackson	156	171
Kalamazoo	354	332
Kalkaska	10	21
Kent	578	611
Keweenaw	0	2

	2013	2012
Lake	10	3
Lapeer	39	46
Leelanau	1	0
Lenawee	17	59
Livingston	110	115
Luce	7	2
Mackinac	4	9
Macomb	1,941	1,950
Manistee	17	12
Marquette	31	47
Mason	15	21
Mecosta	21	26
Menominee	9	4
Midland	16	13
Missaukee	6	1
Monroe	213	237
Montcalm	31	44
Montmorency	0	1
Muskegon	230	274
Newaygo	16	35
Oakland	1,445	1,850
Oceana	11	14
Ogemaw	14	22
Ontonagon	5	5
Osceola	13	18
Oscoda	5	10
Otsego	16	24
Ottawa	96	116
Presque Isle	3	4
Roscommon	76	19
Saginaw	215	225
Sanilac	20	24
Schoolcraft	5	1
Shiawassee	36	38
St. Clair	164	158
St. Joseph	39	59
Tuscola	22	36
Van Buren	61	71
Washtenaw	383	459
Wayne	15,559	15,352
Wexford	32	24
TOTAL	**24,369**	**24,973**

Insurance-Related Crime

Burglary
2009-2013

Burglaries	2009	2010	2011	2012	2013
Burglary offenses	75,066	71,810	69,540	53,922	45,363
Number of persons arrested	6,651	5,597	6,520	4,429	4,067

Burglary

Burglars won't find your home an "easy mark" if they are forced to work in the light, if they have to take a lot of time breaking in, or if they can't break in without making a lot of noise.

Research shows that if it takes more than four or five minutes to break into a home, the burglar will go elsewhere.

Most insurance companies provide 2 percent to 15 percent discounts for devices that make a home safer—dead-bolt locks, window grates, bars and smoke/fire/burglar alarms.

However, when improving the security of your home, don't exchange security for personal safety. Don't make your home such a fortress that you are unable to escape in case of a fire or other emergency.

Simple security steps

Doors
Make sure you have strong doors. Outside doors should be metal or solid hardwood, and at least 1 3/4 inches thick. Frames must be made of equally strong material, and each door must fit its frame securely. Even the most efficient lock, if it is placed in a weak door, will not keep out a determined burglar.

A peephole or a wide-angle viewer in the door is safer for identifying visitors than a door chain.

Sliding glass doors present a special problem because they are easy to open, but if you have these doors, you can find special locks for them.

Locks
Deadbolt locks are best. They usually are locked with a key from the outside and a thumb turn on the inside. The cylinder (where the key is inserted) should be pick-resistant. Ask your hardware dealer for a reputable brand or buy your locks from a locksmith.

Windows
Key locks are available for all types of windows. Double-hung windows can be secured simply by "pinning" the upper and lower frames together with a nail, which can be removed from the inside.

For windows at street level or on fire escapes, consider installing metal accordion gates.

Home security habits

Establish a routine to make certain that doors and windows are locked and alarm systems are turned on.

Avoid giving information to unidentified telephone callers and announcing your personal plans in want ads or public notices (such as giving your address when advertising items for sale).

Notify the police if you see suspicious strangers in your area.

Don't carry house keys on a key ring bearing your home address or leave house keys with your car in a commercial parking lot or with an attendant.

Don't hide your keys in "secret" places outside your home—burglars usually know where to look.

Source: Insurance Information Institute

Insurance-Related Crime

Burglaries By County

	2013	2012
Alcona	75	83
Alger	32	40
Allegan	360	461
Alpena	87	124
Antrim	80	97
Arenac	44	69
Baraga	20	16
Barry	191	201
Bay	455	502
Benzie	41	43
Berrien	1,040	864
Branch	147	192
Calhoun	1,328	1,404
Cass	243	220
Charlevoix	56	64
Cheboygan	68	133
Chippewa	106	101
Clare	301	68
Clinton	148	166
Crawford	52	89
Delta	91	128
Dickinson	15	9
Eaton	352	459
Emmet	49	83
Genesee	3,864	5,410
Gladwin	90	160
Gogebic	38	35
Grand Traverse	169	234
Gratiot	103	122
Hillsdale	146	189
Houghton	66	78
Huron	76	119
Ingham	1,852	2,030
Ionia	231	244
Iosco	192	213
Iron	77	71
Isabella	245	254
Jackson	848	802
Kalamazoo	1,712	1,569
Kalkaska	107	173
Kent	3,074	3,745
Keweenaw	10	10
Lake	119	133
Lapeer	245	280
Leelanau	10	1
Lenawee	92	305
Livingston	402	422
Luce	42	30
Mackinac	52	53
Macomb	3,342	3,655
Manistee	104	117
Marquette	155	202
Mason	178	109
Mecosta	211	165
Menominee	100	95
Midland	180	203
Missaukee	35	21
Monroe	828	1,084
Montcalm	264	355
Montmorency	21	35
Muskegon	1,309	1,653
Newaygo	129	133
Oakland	4,079	4,770
Oceana	133	155
Ogemaw	128	154
Ontonagon	14	23
Osceola	96	123
Oscoda	50	89
Otsego	109	93
Ottawa	903	1,169
Presque Isle	26	52
Roscommon	79	137
Saginaw	1,377	1,745
Sanilac	115	176
Schoolcraft	34	58
Shiawassee	273	269
St. Clair	691	812
St. Joseph	209	275
Tuscola	203	234
Van Buren	328	311
Washtenaw	1,513	2,356
Wayne	17,628	20,279
Wexford	175	218
TOTAL	**54,262**	**63,623**