

Insurance fraud

[Business](#), [E-Commerce](#)



Assignment is due Insurance Fraud Insurance fraud refers to an act committed with intent to obtain some advantage or benefit fraudulently to which one is not entitled or someone wittingly denies due benefits to which another is entitled. The Federal Bureau of Investigations identifies fee churning, workers compensation, premium diversion and asset Diversion as the most common schemes in insurance fraud (Bourhis 3). The main motive of insurance fraud is financial profit (Bourhis 4). Pervasiveness of insurance crime costs insurance companies billions of dollars in a year and drives up the costs for all customers.

Prosecutors and police refer to insurance fraud as either “ soft fraud or hard fraud” (Bourhis 6). Hard fraud, which is rare, occurs when one commits a crime of bringing about destruction of property in order to claim compensation. Soft fraud, unlike hard, is where the insured exaggerates an otherwise legal claim or gives wrong information when applying for a policy in order to lower premiums. The most common fraud is where the value insured is more than the true value of the asset and the policyholder destroys the property and makes it look like an accident to benefit (Bourhis 7). Other fraudsters fake death to collect payments from the life policies. Health care Insurance also experience fraud cases perpetrated by either patients or physicians. Physicians commit fraud by misrepresenting treatments received by patients and patients commit fraud when they provide false information on application, loaning insurance cards and when using transport benefits for non-medical purpose (Bourhis 9). Automobile fraud occurs when insured submits a claim for false accidents, file multiple claims for one accident, claim compensation on injuries not related to

automobile accident, reports exaggerated repair costs, or misreport wage losses because of injuries (Bourhis 9).

Work Cited

Bourhis, Ray. *Insult to Injury: Insurance, Fraud, and the Big Business of Bad Faith*. San Francisco: Berrett-Koehler Publishers, 2005. Print.