

# [Life and health insurance fraud essay](https://assignbuster.com/life-health-insurance-fraud-essay/)

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? Insurance Fraud is a felony. Claims are either false or exaggerated, and most times certain information are held back in order for the claimant to obtain the benefits that the insurance company has to offer and to avoid certain penalties. In this event, the claimant can be fined $150, 000 or 10 years in prison. (Associated Content, 2007). It has been stated that at least %10 of all insurance claims has been fabricated and in North America the insurance industry pays out more than $30 billion in fraudulent claims.

Fraudcast, 2009) One of the most common insurance fraud would involve life insurance. Life insurance is a type of coverage that pays benefits upon a person’s death or disability. (Answer, 2009) This will financially secured the person whom the insured has chosen to take this responsibility which is known as the beneficiary (Wikipedia, 2009). After the Insured’s death, the proceeds that has been accumulated over the period of time, will then be used to pay for the cost of funeral service or any other necessary cost of needs or debts.

Life insurance fraud is widespread. Sometimes desperate times call for desperate measures. With a good plan in mind, scamming insurance companies would probably be the only best answer when people are in desperate for an easy way out of debt. It can be risky but people do take that chance.

Statistic has shown that in 2008, fifty-one life insurance fraud cases has been reported by the news media. (Coalition Against Insurance Fraud, 2009). Insurance fraud can be planned out in a couple of ways. One most common way would be when the claimant fakes their death, therefore their family or whomever they wish can collect the money in advance instead of having to wait. (Coalition Against Insurance Fraud, 2009) In one news article taken place in Britain, a 57 year-old man by the name of John Darwin has been charged for faking his death.

(CBS News, 2007) It was claimed that he had “ declared officially dead after an apparent 2002 canoeing accident. ” five years ago so that his wife, Anne Darwin can claim his life insurance and clear their family’s debts. CBS News, 2007) Another method of collecting insurance money would be when the beneficiary decides to execute claimant and cover up the incident so that it seems as though the person’s death was caused by nature. In another relevant news article, a 25 year-old women by the name of Toni Cato Riggs had been charged for first-degree murder and conspiracy to commit murder in the killing of her husband(BNET, 1994).

He was killed ten days after he returned home from the Gulf War. (BNET, 1994). At the time when Anthony Riggs was absent to serve in the war, it had gave Mrs. Riggs the time to mastermind the plan on executing her husband. Mrs.

Riggs alleged that her husband’s life was taken away by “ a random street violence. ”(BNET, 1994). It was claimed that she had committed this act so that she can collect her husband $150, 00 in life insurance money (BNET, 1994). Life insurance fraud has a major effect on Canadian insurance companies as well as their client.

Money are lost when insurance companies scams them for their money. Around 1995 79 insurers were surveyed by LOMA has indicated that a lost of $11. 4 million dollars with 79 cases being reported (KPMG Forensic, 1995).

As for the clients of the insurance companies. When money are lost within the business, insurance companies would want to come up with ways to make back money that were lost as well as changing their contracts to prevent scams from happening again. In the U. C studies has shown that people are more likely to cheat insurance companies than the Internal Revenue Service .

(KPMG Forensic, 1995)In conclusion, the amount of loses in an insurance company has caused a lot of damaged, financially wise and the lost of holding up a reputation of being trustworthy insurers. When claims and fraud becomes difficult to investigate, insurance companies would turn to special investigation unit (SIU) (KPMG Forensic, 1995) which consist of relevant personnel such as former police officers and experienced claim handlers. All in all it is pretty hard to mitigate insurance fraud when there are always ways of cheating the system and insurers having to give the benefit of the doubt of their clients to follow their policy. Reference List: Associated Content, (2007) Retrieved March 18th, 2009, from (http://www. associatedcontent.

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