

# Kentucky Department of Insurance

## Division of Insurance Fraud Investigation

### DOI Mission Statement

*"We promote sound, competitive insurance markets; protect the public through effective enforcement and regulation; and empower the public through outreach and education."*

FIGHT FAKE INSURANCE  
STOP. CALL. CONFIRM.

Division of Insurance Fraud Investigation  
909 Leawood Drive  
P.O. Box 4050  
Frankfort, KY 40604-4050  
502-564-1461  
502-564-1464 FAX

Kentucky Department of Insurance  
215 W. Main Street  
P.O. Box 517  
Frankfort, KY 40602-0517  
502-564-3630  
502-564-6090 FAX

800-595-6053 (in KY); 502-564-3630 (out of state)  
800-648-6056 TDD (Deaf/Hard of Hearing)  
<http://insurance.ky.gov/>



Kentucky Public Protection Cabinet  
Department of Insurance  
P.O. Box 517, Frankfort, KY 40602-0517  
800-595-6053 (in KY); 502-564-3630 (out of state)  
Deaf/hard-of-hearing: 800-648-6056  
<http://insurance.ky.gov/>

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The Division of Insurance Fraud Investigation is empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance related fraud could be committed by anyone. It consists of any fraudulent activity, which can be committed by applicants for insurance, policyholders, third party claimants, agents, employees of insurance companies or professionals who provide services to be paid by insurance. This includes inflating claims, misrepresenting facts to obtain a lower premium, stealing insurance company assets or premiums, submitting claims for injuries that have never occurred, or issuing or knowingly presenting fake or counterfeit documents that purport to evidence insurance.

## **Special Investigations Unit**

Insurance carriers are required to create, implement and maintain a fraud plan, which includes the creation of Special Investigation Units to investigate reports of suspected fraudulent activity. Carriers are also required to designate at least one primary contact person, but not more than four contact persons, who shall communicate with the Division of Insurance Fraud Investigation relating to the reporting, investigation and prosecution of suspected fraudulent insurance acts.

## **Kentucky Law**

The Kentucky Insurance Fraud Statute (**KRS Chapter 304.47**) incorporates many model concepts. The law provides for:

- Felony penalties
- Restitution
- Confidentiality
- Immunity

## **What is insurance fraud?**

Criminal fraud is defined by the Kentucky Insurance Fraud Statute (**KRS Chapter 304.47**) and may be committed by an individual or several people in a sophisticated conspiracy. Fraud generally involves elements of theft and dishonesty. Examples include:

- Fake accidents and disability
- False applications and claims
- Theft of insurance premium
- Arson
- False medical billing
- Unauthorized insurance companies

## **Indicators of Fraud**

Reports of criminal activity often show indicators of fraud. Investigators look at these “red flags” to determine if an investigation should be pursued. Examples of the many indicators of fraud include:

- No witness to accident
- Lengthy recovery period
- Unusual medical treatment
- Improperly issued insurance policies
- Deceptive or misleading sales tactics
- Cash transactions
- Lack of cooperation
- Excessive demands

## **What is the cost of insurance fraud?**

Fraud provides the criminal element an avenue to illegally obtained money. The Coalition Against Insurance Fraud estimates that insurance fraud totals \$80 billion annually but may cost the average American family up to \$950 per year. The Insurance Research Council estimates that 14 percent of motorist nationwide drive without auto insurance and in some states, that number may be as high as 30 percent.

## **How do I report insurance fraud?**

Allegations of criminal activity involving insurance and workers’ compensation may be reported to the Kentucky Department of Insurance at 800-595-6053 (in KY) or 502-564-3630 (out of state), or directly to the Division of Fraud Investigation at 502-564-1461; the workers’ compensation hotline at 800-554-8601 or contact your nearest law enforcement agency. You may also reach the Division of Fraud Investigation by mail at 909 Leewood Drive, P.O. Box 4050, Frankfort, KY 40604-4050.