

Arizona White-Collar Crime FAQ: What Is Insurance Fraud?

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Insurance fraud is a common type of [Arizona white-collar crime](#). It costs the industry an estimated \$80 billion each year, according to Coalition Against Insurance Fraud (CAIF). As a result, it is a top priority for the Federal Bureau of Investigation and other law enforcement agencies.

During FY 2011, 140 cases investigated by the FBI resulted in 19 indictments, 13 arrests, and 21 convictions for insurance fraud. In addition, the FBI obtained \$87.6 million in restitution in FY 2011 for insurance fraud.

As detailed by the FBI, [insurance fraud](#) can take many forms. Below are some of the most common insurance fraud schemes.

Premium Diversion/Unauthorized Entities: The most common type of fraud involves insurance agents and brokers diverting policyholder premiums for their own benefit.

Insurance-Related Corporate Fraud: Insurance companies also engage in fraud, particularly during financial downturns. For instance, when funding is needed, unscrupulous executives often invade customer premium accounts in order to pay corporate expenses.

Viatical Settlement Fraud: A viatical settlement is a discounted, pre-death sale of an existing life insurance policy on the life of a person known to have a terminal condition. Insurance fraud occurs when misrepresentations are made on the insurance policy applications, in effect hiding the fact that the party applying for a policy has already been diagnosed with a terminal condition.

Disaster Fraud: When a disaster occurs, individuals sometimes seek to profit by making false claims of damages. Following the 2005 Hurricanes Katrina, Rita and Wilma, the Department of Justice established the National Center for Disaster Fraud for individuals to report suspected fraud related to any type of disaster relief.



About Ashley D. Adams, PLC

At Ashley D. Adams, PLC, we have a well-established track record of success that can make a difference, whether in defending charges of white-collar crime, health care fraud, financial

fraud, general fraud charges, other criminal or civil matters, or representing our clients during a government investigation.

*We practice excellence, one client at a time. That means each of our clients is given personal attention and aggressive representation. Contact us today at **info@azwhitecollarcrime.com** or **1-480-646-4956** to schedule a free 30-minute consultation with one of our attorneys.*