

FRAUD

WORKERS COMPENSATION FRAUD IS ILLEGAL IN CALIFORNIA. ANY PERSON WHO FILES OR CONTRIBUTES TO THE FILING OF A FALSE WORKERS COMPENSATION CLAIM IS COMMITTED A CRIME PUNISHABLE BY A PRISON SENTENCE, AKBZQBJL P^NALTY FINE,

WHAT IS INSURANCE FRAUD?

In the broadest sense, insurance fraud can encompass any fraudulent or illegal act that involves the business of insurance.

Pursuant to California Insurance Code 1871.4 (a) It is unlawful to do any of the following:

- 1) Make or cause to be made a knowingly false or fraudulent material statement or material representation for the purpose of obtaining or denying any *compensation, as defined in Section 3207 of the Labor Code. *Every benefit or payment conferred by Division 4 upon an injured employee, including vocational rehabilitation, or in the event of his death, upon his dependents, without regard to negligence.
- 2) Present or cause to be presented a knowingly false or fraudulent written or oral material statement in support of, or in opposition to, a claim for compensation for the purpose of obtaining or denying any compensation, as defined in Section 3207 of the Labor Code
- 3) Knowingly assist, abet, conspire with, or solicit a person in an unlawful act under this section
- 4) Make or cause to be made a knowingly false or fraudulent statement with regard to entitlement to benefits with the intent to discourage an injured worker from claiming benefits or pursuing a claim

Every person who violates subdivision (a) shall be punished by imprisonment in the county jail for one year, or in the state prison for two (2), three (3) or five (5) years, or by a fine not exceeding one hundred fifty thousand dollars (\$150,000.00) or double the value of the fraud, whichever is greater, or by both the imprisonment and fine.

Restitution shall be ordered, including restitution for any medical evaluation or treatment services obtained or provided. The court shall determine the amount of restitution and the person or persons to whom the restitution shall be paid.

Pursuant to California Insurance Code Section 1877.3 b(1):

When an insurer or licensed rating organization knows or reasonably believes it knows the identity of a person or entity whom it has reason to believe committed a fraudulent act relating to a workers' compensation insurance claim or a workers' compensation insurance policy, including any policy application, or has knowledge of such a fraudulent act that is reasonably believed not to have been reported to an authorized governmental agency, then, for the purpose of notification and investigation, the insurer, or agent authorized by an insurer to act on its behalf, or licensed rating organization shall notify the local district attorney's office and the Bureau of Fraudulent Claims of the Department of Insurance, and may notify any other authorized governmental agency of that suspected fraud and provide any additional information in accordance with subdivision (a).

FRAUD HARMS EMPLOYERS BY CONTRIBUTING TO THE INCREASINGLY HIGH COST OF INSURANCE AND HARMS EMPLOYEES BY UNDERMINING THE LEGITIMACY OF ALL WORKERS COMPENSATION CLAIMS.