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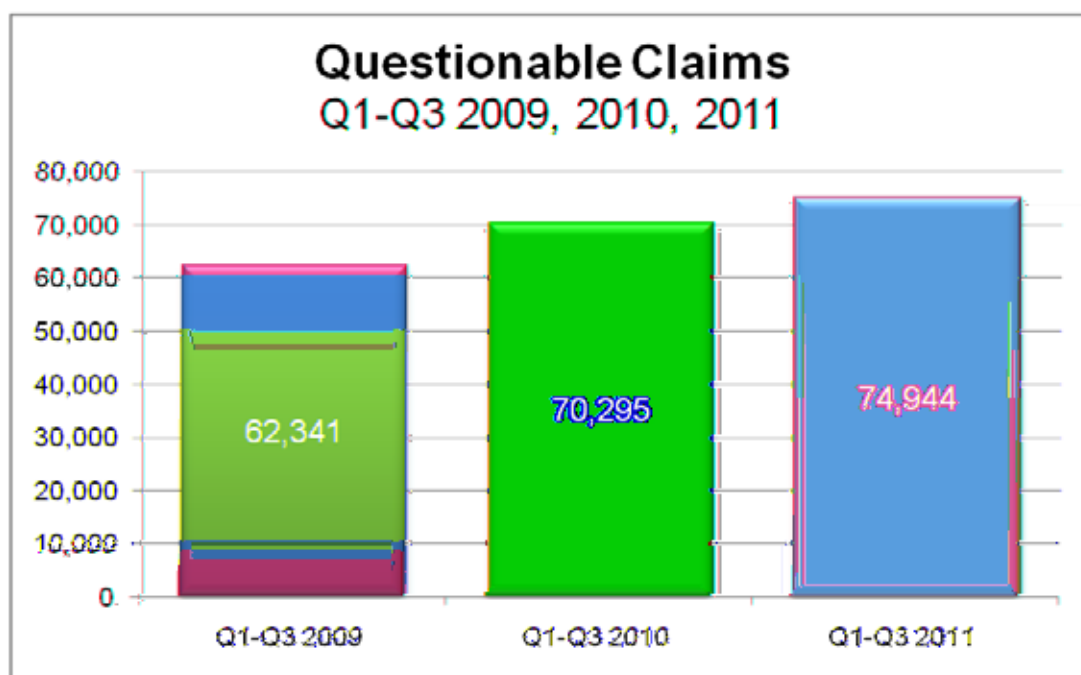
Regarding: 2009, 2010, 2011 1<sup>st</sup> Quarter – 3<sup>rd</sup> Quarter Referral Reason Analysis (Public Dissemination)

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### Executive Summary

An analysis of the National Insurance Crime Bureau (NICB) Questionable Claims (QCs) for the first three quarters of 2009, 2010, 2011, was performed to compare Property, Casualty, Commercial, Workers' Compensation, Vehicle, and Miscellaneous referral reasons. A single referred claim can contain up to seven referral reasons. There were 74,944 QCs submitted in the first three quarters of 2011; however, there were a total of 142,316 referral reasons identified within the QCs. Tables and charts are organized from greatest percentage increase to greatest percentage decrease from the first three quarters of 2009 to the first three quarters of 2011. **Note: Questionable Claims are a dynamic dataset. QC numbers may differ from previous reports because claims may be updated or voided in ISO ClaimSearch and the NICB only includes current member questionable claims at the time of analysis.**

During the first three quarters of 2009 62,341 QCs were submitted. This number increased during the first three quarters of 2010 to 70,295. Submissions rose again during the first three quarters of 2011 to 74,944 QCs. The total change in QCs submitted from the first three quarters of 2009 to the first three quarters of 2011 reflected a 20% increase. An increase was seen from the first three quarters of 2009 to the first three quarters of 2010 at 13% while QCs submitted between the first three quarters of 2010 and the first three quarters of 2011 increased 7%.



Comparison of the first three quarters of 2010 to the first three quarters of 2011 revealed an increase in Casualty, Workers' Compensation, and Miscellaneous referral reasons. The highest percentage increase for any single referral reason was Duplicate Billing under the Worker's Compensation category at a 240% increase. However, this only represents a difference of 24 referral reasons submitted. Faked/Exaggerated Injury within the Casualty category showed the greatest difference in volume of referral reasons submitted, with an increase of 1,985. Property, Commercial, and Vehicle referral reasons decreased from the first three quarters of 2010 to the first three quarters of 2011. Auto Glass Fraud showed the greatest decrease in referral reasons at a 68% drop with 1,377 less referral reasons submitted in the first three quarters of 2011 compared to the first three quarters of 2010.

### Referral Reason Distribution

#### Q1 - Q3 2009, 2010, 2011 Property Referral Reasons

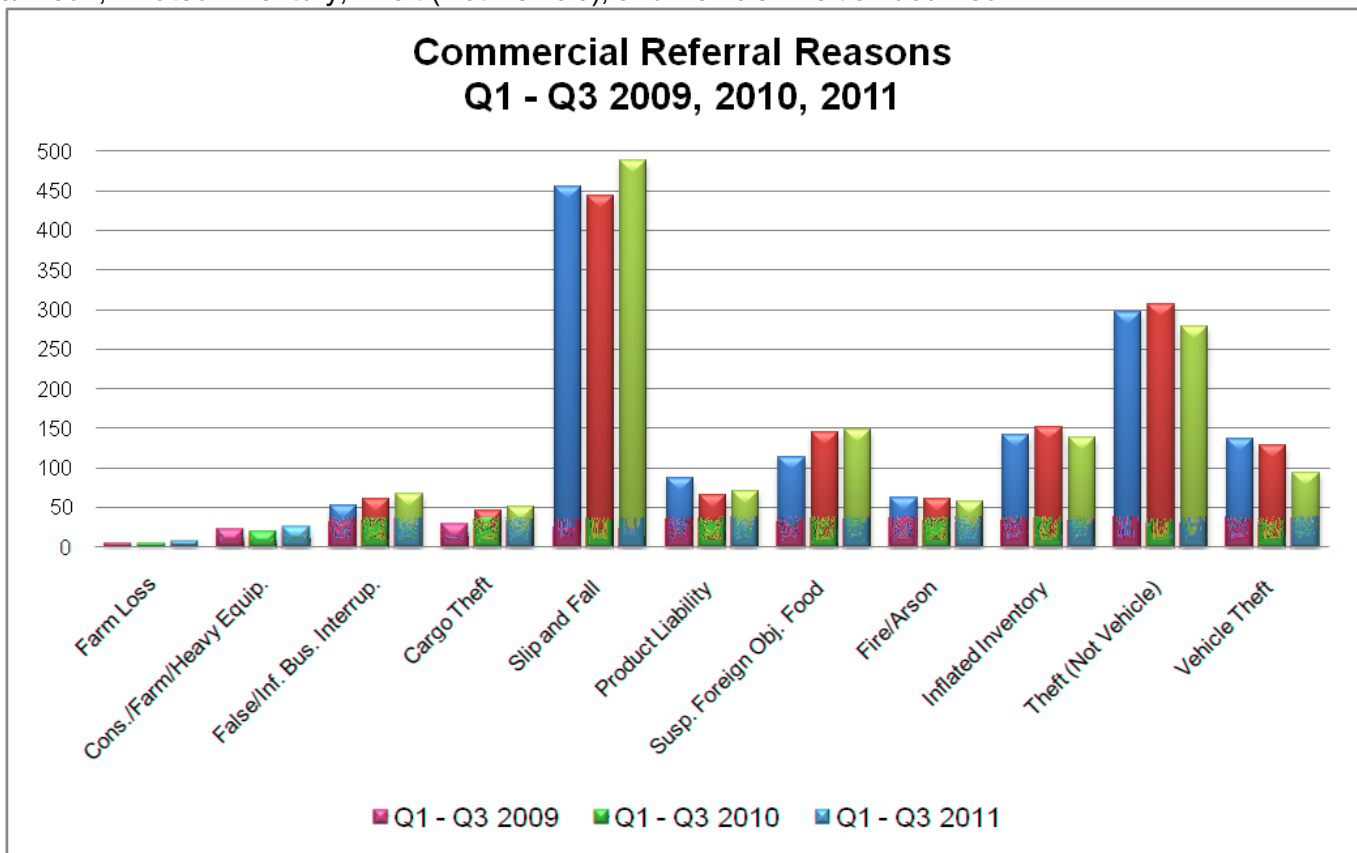
Property Referral Reason	Q1 – Q3 2009	Q1 – Q3 2010	Difference	Percent Change	Q1 – Q3 2010	Q1 – Q3 2011	Difference	Percent Change
Suspicious Disappearance/ Loss of Jewelry	1,325	1,436	111	8%	1,436	1,498	62	4%
Flood/Water Damage	554	679	125	23%	679	706	27	4%
Inflated Damage	2,020	2,231	211	10%	2,231	2,274	43	2%



### Q1 - Q3 2009, 2010, 2011 Commercial Referral Reasons

Commercial Referral Reason	Q1 – Q3 2009	Q1 – Q3 2010	Difference	Percent Change	Q1 – Q3 2010	Q1 - Q3 2011	Difference	Percent Change
Farm Loss	5	5	0	0%	5	7	2	40%
Construction/Farm/Heavy Equipment (Not Theft)	22	20	-2	-9%	20	26	6	30%
False/Inflated Business Interruption	53	60	7	13%	60	67	7	12%
Cargo Theft	29	45	16	55%	45	50	5	11%
Slip and Fall	455	444	-11	-2%	444	489	45	10%
Product Liability	87	65	-22	-25%	65	70	5	8%
Suspicious Foreign Object in Food	113	145	32	28%	145	149	4	3%
Fire/Arson	62	61	-1	-2%	61	58	-3	-5%
Inflated Inventory	142	152	10	7%	152	139	-13	-9%
Theft (Not Vehicle)	297	307	10	3%	307	278	-29	-9%
Vehicle Theft	136	129	-7	-5%	129	93	-36	-28%
<b>Total Commercial Referral Reasons</b>	<b>1,401</b>	<b>1,433</b>	<b>32</b>	<b>2%</b>	<b>1,433</b>	<b>1,426</b>	<b>-7</b>	<b>0%</b>

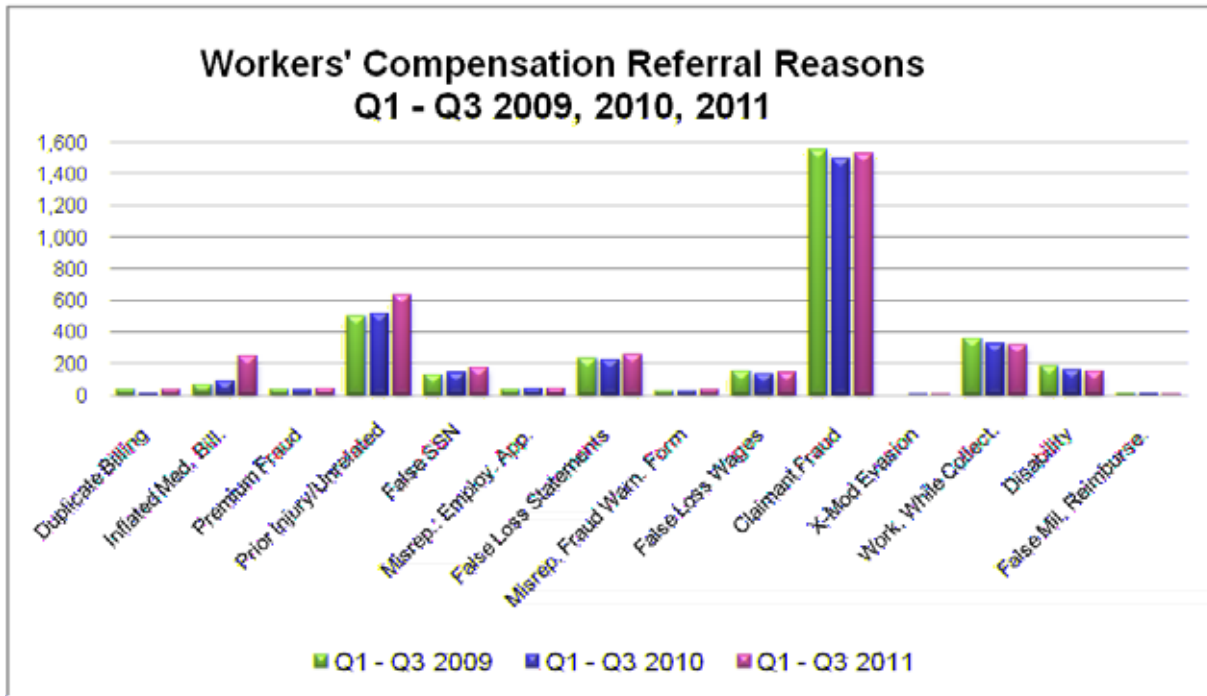
The total number of Commercial referral reasons showed a very slight decrease when comparing the first three quarters of 2010 to the first three quarters of 2011. Vehicle Theft referral reasons declined by 28%; however, total Commercial referral reasons decreased less than 1%. A 10% increase in Slip and Fall referral reasons submitted significantly impacted the total change in Commercial referral reasons, as Slip and Falls represented 34% of Commercial referral reasons. Also, Farm Loss, Construction/Farm/Heavy/Equipment (Not Theft), False/Inflated Business Interruption, Cargo Theft, Product Liability, and Suspicious Foreign Object in Food referral reasons increased from the first three quarters of 2010 to the first three quarters of 2011 while Fire/Arson, Inflated Inventory, Theft (Not Vehicle), and Vehicle Theft all declined.



### Q1 - Q3 2009, 2010, 2011 Workers' Compensation Referral Reasons

Workers' Compensation Referral Reason	Q1 – Q3 2009	Q1 – Q3 2010	Difference	Percent Change	Q1 – Q3 2010	Q1 - Q3 2011	Difference	Percent Change
Duplicate Billing	29	10	-19	-66%	10	34	24	240%
Inflated Medical Billing	63	86	23	37%	86	242	156	181%
Premium Fraud	33	29	-4	-12%	29	40	11	38%
Prior Injury/Not Related to Work	496	514	18	4%	514	631	117	23%
False SSN	130	142	12	9%	142	173	31	22%
Material Misrepresentation on : Employment Application	30	37	7	23%	37	43	6	16%
False Loss Statements	231	225	-6	-3%	225	257	32	14%
Material Misrepresentation on: Fraud Warning Form	26	27	1	4%	27	30	3	11%
False Loss of Wages	149	132	-17	-11%	132	141	9	7%
Claimant Fraud	1,551	1,493	-58	-4%	1,493	1,524	31	2%
X-Mod Evasion	0	2	2	N/A	2	2	0	0%
Working While Collecting	356	325	-31	-9%	325	319	-6	-2%
Disability	183	161	-22	-12%	161	149	-12	-7%
False Mileage Reimbursement	10	11	1	10%	11	6	-5	-45%
<b>Total Workers' Compensation Referral Reasons</b>	<b>3,287</b>	<b>3,194</b>	<b>-93</b>	<b>-3%</b>	<b>3,194</b>	<b>3,591</b>	<b>397</b>	<b>12%</b>

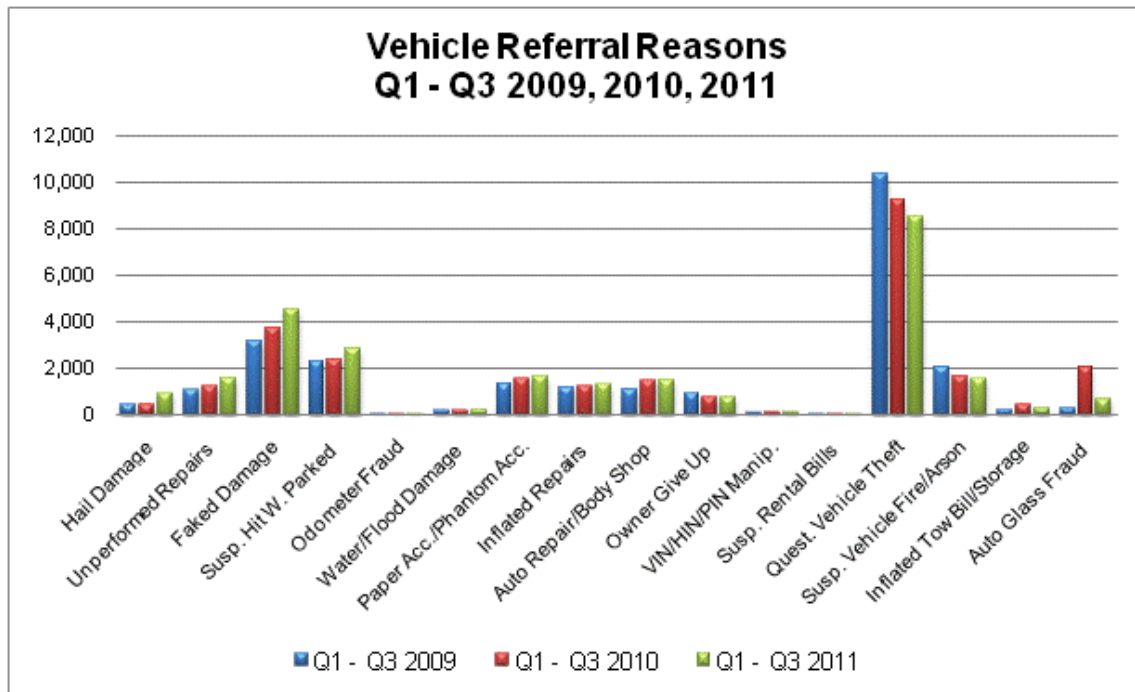
Workers' Compensation referral reasons increased 12% in the first three quarters of 2011 when compared to the first three quarters of 2010. Duplicate Billing had the highest percent change of all referral reasons in all categories with a 240% increase. Inflated Medical Billing rose 181% from the first three quarters of 2010 to the first three quarters of 2011 with an additional 156 referral reasons submitted. All other Workers' Compensation referral reasons increased from the first three quarters of 2010 to the first three quarters of 2011 with the exceptions of Working While Collecting, Disability, and False Mileage Reimbursement, and X-Mod Evasion. Claimant Fraud consistently represented the highest percentage of all Workers' Compensation referral reasons, accounting for 42% of referral reasons submitted during the first three quarters of 2011.



### Q1 - Q3 2009, 2010, 2011 Vehicle Referral Reasons

Vehicle Referral Reason	Q1 – Q3 2009	Q1 – Q3 2010	Difference	Percent Change	Q1 – Q3 2010	Q1 - Q3 2011	Difference	Percent Change
Hail Damage	471	450	-21	-4%	450	913	463	103%
Unperformed Repairs	1,068	1,230	162	15%	1,230	1,596	366	30%
Faked Damage	3,177	3,731	554	17%	3,731	4,540	809	22%
Suspicious Hit While Parked	2,330	2,363	33	1%	2,363	2,822	459	19%
Odometer Fraud	47	40	-7	-15%	40	47	7	18%
Water/Flood Damage	187	200	13	7%	200	224	24	12%
Paper Accident/Phantom Accident	1,341	1,544	203	15%	1,544	1,693	149	10%
Inflated Repairs	1,213	1,226	13	1%	1,226	1,302	76	6%
Auto Repair/Body Shop	1,123	1,477	354	32%	1,477	1,498	21	1%
Owner Give Up	938	776	-162	-17%	776	750	-26	-3%
VIN/HIN/PIN Manipulation	106	122	16	15%	122	117	-5	-4%
Suspect Rental Bills	67	73	6	9%	73	68	-5	-7%
Questionable Vehicle Theft (Auto, Boat, Heavy Equipment, etc.)	10,340	9,219	-1,121	-11%	9,219	8,527	-692	-8%
Suspicious Vehicle Fire/Arson	2,082	1,692	-390	-19%	1,692	1,540	-152	-9%
Inflated Tow Bill/Storage	230	465	235	102%	465	302	-163	-35%
Auto Glass Fraud	332	2,036	1,704	513%	2,036	659	-1,377	-68%
<b>Total Vehicle Referral Reasons</b>	<b>25,052</b>	<b>26,644</b>	<b>1,592</b>	<b>6%</b>	<b>26,644</b>	<b>26,598</b>	<b>-46</b>	<b>0%</b>

The total number of Vehicle referral reasons remained relatively stable from the first three quarters of 2010 to the first three quarters of 2011 with only a marginal decrease of 0.2%. Questionable Vehicle Theft decreased by 11% from the first three quarters of 2009 to the first three quarters of 2010 and then dropped an additional 8% from the first three quarters of 2010 to the first three quarters of 2011. However, Questionable Vehicle Theft still accounted for 32% of total Vehicle referral reasons submitted during the first three quarters of 2011. Hail Damage referral reasons show the greatest percent increase from the first three quarters of 2010 to the first three quarters of 2011 at 103%. Auto Glass Fraud had the most significant decrease from the first three quarters of 2010 to the first three quarters of 2011 at 68%. It should be noted, however, that Auto Glass Fraud referral reasons had risen 513% from the first three quarters of 2009 to the first three quarters of 2010.



### Q1 - Q3 2009, 2010, 2011 Miscellaneous Referral Reasons

Miscellaneous Referral Reason	Q1 – Q3 2009	Q1 – Q3 2010	Difference	Percent Change	Q1 – Q3 2010	Q1 - Q3 2011	Difference	Percent Change
Premium Avoidance	1,298	1,354	56	4%	1,354	1,951	597	44%
Medical Provider	3,428	4,626	1,198	35%	4,626	5,957	1,331	29%
Prior Loss/Damage	5,051	5,913	862	17%	5,913	7,359	1,446	24%
Agent/Adjuster Fraud	191	205	14	7%	205	255	50	24%
Extensive Loss History	2,821	3,316	495	18%	3,316	4,092	776	23%
Attorney Activities	1,288	1,817	529	41%	1,817	2,239	422	23%
Multiple Policies	244	281	37	15%	281	345	64	23%
Lack of Cooperation from Insured	5,004	5,908	904	18%	5,908	7,244	1,336	23%
Catastrophe (Hurricane, Tornado, Hail, Wind, Fire)	499	554	55	11%	554	667	113	20%
Medical Provider/Attorney Relationship	1,512	1,866	354	23%	1,866	2,160	294	16%
Application Misrepresentation	4,247	4,826	579	14%	4,826	5,544	718	15%
Fictitious Loss	5,798	6,556	758	13%	6,556	7,219	663	10%
Material Misrepresentation in: Recorded Interview/ Deposition / SUO/ EUO	4,514	5,462	948	21%	5,462	5,996	534	10%
Questioned Documents Altered. Forged, Falsified, Duplicated	2,593	2,713	120	5%	2,713	2,969	256	9%
Malingering	748	1,077	329	44%	1,077	1,025	-52	-5%
Organized Group/Ring Activity	1,948	2,674	726	37%	2,674	2,416	-258	-10%
Informant Tip - Anonymous	426	438	12	3%	438	384	-54	-12%
Vendor Fraud	294	615	321	109%	615	532	-83	-13%
Informant Tip - Law Enforcement	283	299	16	6%	299	246	-53	-18%
<b>Total Miscellaneous Referral Reasons</b>	<b>42,187</b>	<b>50,500</b>	<b>8,313</b>	<b>20%</b>	<b>50,500</b>	<b>58,600</b>	<b>8,100</b>	<b>16%</b>

Miscellaneous referral reasons increased by 16% from the first three quarters of 2010 to the first three quarters of 2011 which represented the most substantial increase in referral reasons submitted among all referral reason categories for that time period. The Miscellaneous referral reason category also remained the highest submitted by volume among all referral reason categories at 58,600. While Premium Avoidance referral reasons had the highest percentage increase (44%), Prior Loss/Damage had the highest volume increase in referral reasons from the first three quarters of 2010 to the first three quarters of 2011. Prior Loss/Damage increased by 1,446 referral reasons submitted. Informant Tip – Law Enforcement referral reasons fell 18% percent from the first three quarters of 2010 to the first three quarters of 2011.

