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INSURANCE FRAUD AFFECTS EVERYONE

By Mississippi Insurance Commissioner Mike Chaney

I recently read that more than \$308 billion is stolen through insurance fraud every year and that if you stacked up those dollar bills, they would stretch to the moon and back - 16 times. That information came from the Coalition Against Insurance Fraud. The number and the illustration with the moon seems absurd, unimaginable. To bring it closer to home, the FBI estimates that fraud costs the average family \$400-\$700 more in premiums every year.

Insurance fraud is not a victimless crime. It costs businesses billions of dollars each year - an expense that is passed on to consumers in the form of higher premiums. Fake insurance companies or agents defraud consumers by taking money for premiums on bogus policies with no intention of paying claims. My office deals with common scenarios including:

- Scammers offering fake policies at costs that are significantly lower than competitors' prices.
- Legitimate companies selling non-insurance products marketed to look like insurance.
- A dishonest insurance agent "pocketing" a policyholder's premium payment, instead of turning it in to the insurance company, as they should. This leaves the consumer without coverage.

Consumers can also be guilty of insurance fraud. The most common forms of policyholder fraud relate to auto insurance and workers' compensation. Deliberately staging an accident, exaggerating a legitimate claim, or knowingly providing false information on an application are all examples of insurance fraud, which is a crime.

The National Association of Insurance Commissioners (NAIC) recommends following these tips:

Don't ignore red flags. If you are suspicious, stop, call your state insurance department, and confirm. Red flags can include an insurance company or agent that does not have a phone number or is hard to reach. Another warning is if you purchase a policy and do not receive an insurance ID card or a copy of your policy in a timely manner.

If you have doubts, stop before signing any paperwork or paying your premium. Call my office and confirm the company or agent offering insurance is legitimate and licensed to sell insurance in your state. Legitimate agents and insurers will understand why you're taking precautions.

If you are a victim of insurance fraud or you are aware of fraudulent activity, call my office at 601-359-3569 or [file a complaint online](#) at www.mid.ms.gov. We work with consumers on these issues every day. In 2022, our investigations division received 542 complaints and recovered hundreds of thousands of dollars for Mississippians.

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