



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

FOR IMMEDIATE RELEASE

Feb. 4, 2009

For more information, contact:

Bob Hanson
Public Information Officer
785-296-7807
bhanson@ksinsurance.org

Consumer Alert: Kansans urged to watch out for increased fraud activity

TOPEKA, Kan. –Tougher economic times often are accompanied by an increase in fraudulent insurance and consumer activity, something that Kansans should be wary of now, said Kansas Insurance Commissioner Sandy Praeger.

The Kansas Insurance Department’s Anti-Fraud division is expecting a busy year reviewing potential cases, Commissioner Praeger said, partially because of activities related to the U.S. economic downturn. Some recent reported scams bear that out:

- New Hampshire and Ohio consumers are receiving calls from strangers who say they are insurance company representatives. The caller demands auto premium payments immediately to avoid policy cancellation, telling the consumer to share his or her bank account and other personal information. The demanding tone of the so-called representatives often intimidates the consumers.
- Letters sent in Kansas and other areas, made to appear they are from the Internal Revenue Service and signed by someone in “IRS public relations,” are requesting non-resident aliens to provide information to protect their exemption status. The form provided is bogus.
- Medicare beneficiaries in the Wichita area have received calls from purported Medicare employees, wanting to set up appointments, offer free items from Medicare and collect as much personal information as possible. Medicare officials are not responsible for the contact.

In each case the activity is the first step toward potential fraud and identity theft, Commissioner Praeger said.

“During tough economic times, perpetrators of fraud take advantage of the situation,” Commissioner Praeger said. “I would urge Kansans to watch out and report such activities because, in the end, fraud costs all of us more in premiums if it isn’t stopped.”

-More-

Insurance fraud is a multi-billion dollar annual industry, taking in all lines of insurance. Medical false claims, Medicare/Medicaid and fake auto schemes are the top three types of fraud cases reported by the media in 2008, according to the Coalition Against Insurance Fraud, a national organization.

The organization also reported 31,654 new fraud investigation cases were opened in 2007.

Commissioner Praeger is the chair of the Anti-Fraud Task Force of the National Association of Insurance Commissioners. Ted Clark, the department's anti-fraud director, is also a member of the task force.

For additional information on anti-fraud activities and ways consumers can protect themselves, go to the Anti-Fraud section of the Kansas Insurance Department's Web site, www.ksinsurance.org.

-30-

The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.