

# 2017

Periodic Report  
*to the Legislature*

Criminal Insurance Fraud



OFFICE of the  
**INSURANCE  
COMMISSIONER**  
WASHINGTON STATE



## Criminal Investigations Unit

### Summary

RCW 48.135.100 requires the Office of the Insurance Commissioner to periodically report the fraud program activities to the Legislature. This 2017 report includes but is not limited to an overview of the fraud program's cases referred for prosecution, the number of convictions obtained, the amount of money recovered, and any recommendations of the Insurance Fraud Advisory Board from 2015 through 2016.

## Insurance Fraud Advisory Board

**Patrick M. Guiton**

Cambia Health Solutions/Regence

**Anthony Ferry**

Liberty Mutual Insurance

**Sheriff Gary Simpson**

Kitsap County Sherriff's Office

**Olivia Zhou**

Thurston County Prosecutor's Office

**Craig Williamson**

Farmers New World Life

**Steve Geertz**

AARP Foundation

**Bill Baldwin**

Independent Insurance Agents & Brokers of Washington

**Dana MacDonald**

National Insurance Crime Bureau

**Keith Friedrich**

Travelers Insurance Company

**Kent Davis**

Law Firm Technology Specialists

State law RCW 48.135.090, specifies that the Commissioner shall appoint an insurance fraud advisory board. The board shall consist of 10 members. Five members shall be representatives from the insurance industry doing business in the state, at least one of which shall be from a Washington domestic insurer, two members shall represent consumers, one member shall represent the National Insurance Crime Bureau or successor organization, one member shall represent prosecutors, and one member shall represent other law enforcement agencies.

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## | OIC Mission Statement

We protect the public interest, and our state's economy through fair and efficient regulation of the insurance industry.



[www.insurance.wa.gov](http://www.insurance.wa.gov)



## Message from the Commissioner:

### **Protecting consumers by combating insurance fraud**

One of our primary missions at the Office of the Insurance Commissioner OIC is protecting and educating consumers. One of the ways we do that is by investigating and prosecuting insurance fraud.

The National Insurance Crime Bureau estimates that 10 percent of all insurance claims are fraudulent, adding as much as \$700 a year to the average household's insurance premiums. Insurance fraud is not a victimless crime – we all pay for it.

Since 2006, our Criminal Investigations Unit has investigated criminal insurance fraud in Washington State. Since then, we have pursued 434 cases and adjudicated 105 of them. Our workload has steadily increased each year.

Along with our Insurance Fraud Advisory Board, I am committed to protecting and educating consumers about the costs of insurance fraud. You can find more information *about how to avoid falling victim to insurance scams* at [www.insurance.wa.gov](http://www.insurance.wa.gov).

To hold the line on insurance costs for all lines of business, it is important to deter people from profiting from scams that affect all of us.

Insurance Commissioner Mike Kreidler



Commissioner Mike Kreidler

# Criminal Investigations Unit

Our mission is to identify, investigate and bring to prosecution criminal organizations and individuals who victimize the insurance industry.



## Criminal Investigations Unit

Established by state law and at the urging of Commissioner Kreidler, the Criminal Investigations Unit (CIU) is the criminal investigations arm of the OIC. This includes a team of one Director, two Prosecutors, one Detective Sergeant, five Detectives, one NICB Agent, two Criminal Analysts, and one Administrative Assistant who also serves as the Unit's Accreditation Manager.



*Unit Staff*

The Unit's focus is criminal investigations and prosecution of fraudulent activities against insurance companies. In November 2016, the CIU earned law enforcement accreditation from the Washington Association of Sheriffs and Police Chiefs (WASPC), joining the 20 percent of law enforcement agencies in the state to have it.

## Accreditation

Accreditation means the Criminal Investigations Unit is certified as operating under industry best standards and recognized as a professional law enforcement agency.



*Director Mark Couey accepts the accreditation award from WASPC President Ken Hohenburg with Detective Sgt. Phil Comstock, left, and Accreditation Manager Renee Berry, right.*

Earning accreditation was a 25-month process that started in August 2014. A total of 133 standards in 19 areas, including use of force, health and safety, training, evidence control, code of conduct, and others were examined by the assessment team.

## National Fraud Directors Conference

The Unit hosted the 19<sup>th</sup> Annual 2016 National Fraud Directors Conference. This marked the first time Washington hosted the conference. More than 70 attendees representing 26 states and the District of Columbia met in Seattle to discuss fraud trends, receive training, and learn from criminal insurance fraud case studies.



*Conference attendees study an OIC fraud case*

Attendees included individuals representing other state' insurance commissioners; the National Association of Insurance Commissioners; National Insurance Crime Bureau, Coalition Against Insurance Fraud, National Health Care Anti-Fraud Association; and others. The Unit planned all aspects of this special event.

Speakers included individuals representing the Federal Bureau of Investigations; U.S. Postal Inspectors; Social Security Administration-Office of Inspector General; prosecutors; and consumer watchdog reporter Jesse Jones from KIRO TV in Seattle.



Commissioner Kreidler kicked-off the event hosted at the Cedarbrook Lodge in Seattle.

Our unit continues to share and receive information with federal, state, and local law enforcement officials and regulatory agencies to identify, investigate and prosecute criminal organizations and individuals engaged in fraud that targets the insurance industry.



## Interagency Partnerships





## RCW 48.135.050 – Disclosing Insurance Fraud

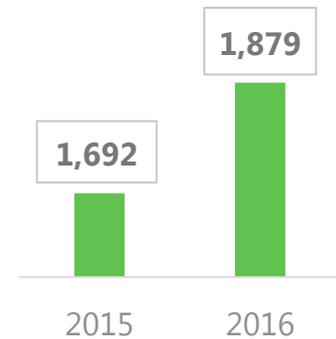
“(1) Any insurer or licensee of the commissioner that has reasonable belief that an act of insurance fraud which is or may be a crime under WA law has been, is being, or is about to be committed shall furnish and disclose the knowledge and information to the commissioner...”

## Fraud Referred to the Commissioner

Our work begins with a referral. Sometimes called a case by the industry, a referral is a questionable insurance claim that is submitted to the OIC to review. For insurance fraud, there is always an insurer involved as the victim of the alleged fraud, and typically also the holder of critical evidence needed to evaluate and investigate the case. Insurance companies refer questionable claims to the CIU as required by statute (RCW 48.135.050). Since January 1, 2015 to December 31, 2016, a total of 3,571 referrals of fraud were submitted to the OIC.

### Referrals to CIU

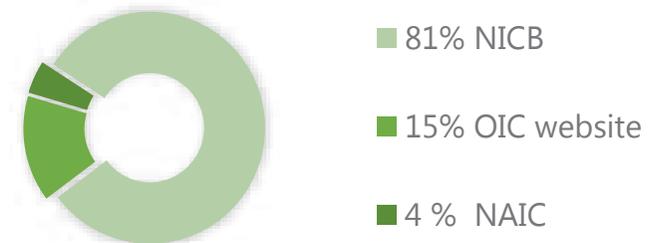
01/01/15 to 12/31/16



Referrals are submitted to the OIC through different methods. All are reviewed and stored in the Unit’s case management system with exception to duplicate entries. The following chart represents the percentage of referrals from each of the Unit’s three main sources.

### Referrals to CIU

01/01/15 to 12/31/16



NICB = 2,878 referrals | NAIC=164 referrals | OIC website referrals =529

## Criminal Cases

<b>Impact</b>	
January 1, 2015 to December 31, 2016	
Opened criminal cases	150
Criminal cases submitted to prosecutor	52
Criminal cases charged	40
Closed criminal cases	132
Criminal cases declined by prosecutor	9
Criminal cases adjudicated	37
Working criminal cases	202

*\*Some cases remain open or are pending a decision by prosecutors.*

The CIU continues to initiate and conduct criminal investigations of individuals and organizations that engage in insurance fraud relating to personal property and property damage, service provider, producer, medical provider, bodily injury, and other losses claimed to insurance companies.



From January 1, 2015 to December 31, 2016, the CIU opened 150 criminal cases. The majority of these were for personal property/property damage and bodily injury losses claimed to insurance companies.

### Opened Criminal Cases - By type of loss

01/01/15 to 12/31/16

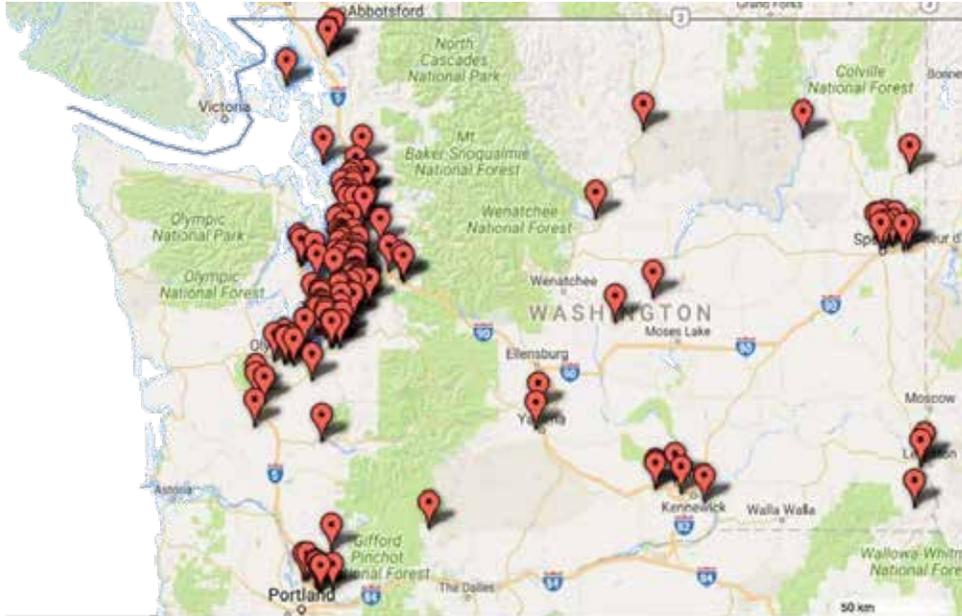
- 73% Personal Property/Property Damage
- 11% Bodily Injury
- 6% Producer Fraud
- 3% Disability
- 3% Medical Provider
- 3% Other
- 1% Staged Auto Collision



The highest volume of the opened cases were in King, Pierce, and Snohomish counties. These cases involved 36 different insurance companies. Of note, five out of the 36 insurance companies were the victim company in 48 percent of the opened cases.

## Opened criminal cases by location of crime

01/01/15 to 12/31/16



Washington State

Detectives protect consumers from fraud by investigating cases across the State. From 2015 to 2016, Detectives wrote 48 search warrants, interviewed approximately 111 parties, and prepared 52 cases for submission to a prosecutor for felony charges.

## Impact

January 1, 2015 to December 31, 2016

Convictions	RCW	Count
False Insurance Claims in Excess of \$1,500	48.30.230	13
Attempted False Claims or Proof	9A.28.020	9
Attempted Theft II	9A.28.020	6
Attempted Theft I	9A.28.020	4
Theft I	9A.56.030	4
Health Care False Claims	48.80.030	2
Hit and Run	46.52.020	1
Identity Theft II	9.35.0020	1
Insurance Fraud - Application Fraud	48.30.210	1
Perjury II	9A.72.030	1
Theft II	9A.56.040	1
Attempted Engaging in an Unauthorized Insurance Transaction	9A.28.020/48.15.020	1
<b>Total convictions</b>		<b>44</b>

“When someone is prosecuted for insurance fraud, the people around them might think twice before committing fraud themselves.”

– Reporter of suspected insurance fraud

## Impact

January 1, 2015 to December 31, 2016

Exposure	Actual Loss	Immediate Loss Prevented
<b>\$1,689,731</b>	<b>\$1,033,370</b>	<b>\$219,659</b>
Projected Loss Prevented	Restitution	Court Costs
<b>\$1,716,913</b>	<b>\$857,353</b>	<b>\$26,760</b>
Incarceration	Electronic Home Monitoring	Community Service
<b>3,646 days</b>	<b>120 days</b>	<b>2,180 hours</b>

From January 1, 2015 to December 31, 2016, investigations saved \$3,626,303 in immediate and projected insurance claim payouts. These efforts resulted in \$857,353 of restitution ordered paid back to victim companies and \$26,760 in court costs ordered back to the judicial system.

Typically, at the time charges occur and during the judicial process, the OIC issues news releases as case updates to the public. From January 1, 2015 to December 31, 2016, the OIC's Public Affairs unit published 46 news releases about criminal cases which generated 250 media stories.



## Hole-in-one scammer pled guilty to more felonies in Washington state, gets 15-months prison



Kevin Kolenda, right, is handcuffed by a King County Jail Correction's officer and escorted to jail after pleading guilty on Dec. 29, 2016 to two felonies related to selling insurance without a license, and stealing more than \$20,000.

# FACES OF FRAUD

The following persons are some convicted of insurance fraud related crimes in 2015 & 2016.



**Imran Nsaif**  
Attempted Theft II  
Victim company: Progressive



**Emad Mohammed**  
Attempted Theft II  
Victim company: Progressive



**Hollyann Davis**  
False Insurance Claims in Excess of \$1,500  
Victim company: Aflac



**Vernon Robinson**  
False Insurance Claims in Excess of \$1,500  
Victim company: Travelers



**William Breedlove III**  
Theft II  
Victim company: New Hampshire



**Gary Havens**  
Attempted Theft I  
Victim company: PEMCO



**Jodi Borrelli**  
Identity Theft II  
Victim company: Aflac



**John Page**  
False Insurance Claims in Excess of \$1,500  
Victim company: GEICO



**Mark Monwai**  
False Insurance Claims in Excess of \$1,500 - 2 counts  
Victim companies: Premera & Regence



**Robin Loewen**  
Health Care False Claims  
Victim company: Aflac



**Kendel Sonsalla**  
Health Care False Claims  
Victim company: Aflac



**Joshua Zabel**  
Attempted Theft I  
Victim company: Progressive



**Dena Medialdea**  
Theft III  
Victim company: Aflac



**Sean Ingram**  
False Insurance Claims in Excess of \$1,500  
Victim company: Sentry



**Jamilia Caston**  
False Insurance Claims in Excess of \$1,500  
Victim company: State Farm



**Crystal Wheeler**  
Attempted Theft II  
Victim company: Safeco



**James Thomas III**  
False Insurance Claims in  
Excess of \$1,500  
Victim company: Safeco



**Kevin Kolenda**  
Attempted Theft I  
Attempted Engaging in  
Unauthorized Ins. Transactions



**Michelle Granberry**  
False Insurance Claims in  
Excess of \$1,500  
Victim company: USAA



**Juelene Perez**  
Theft I  
Victim company: Group Health



**Martha Garibay**  
Attempted Theft II  
Victim company: Progressive



**Greg Guzman**  
Theft II  
Victim company: North Town



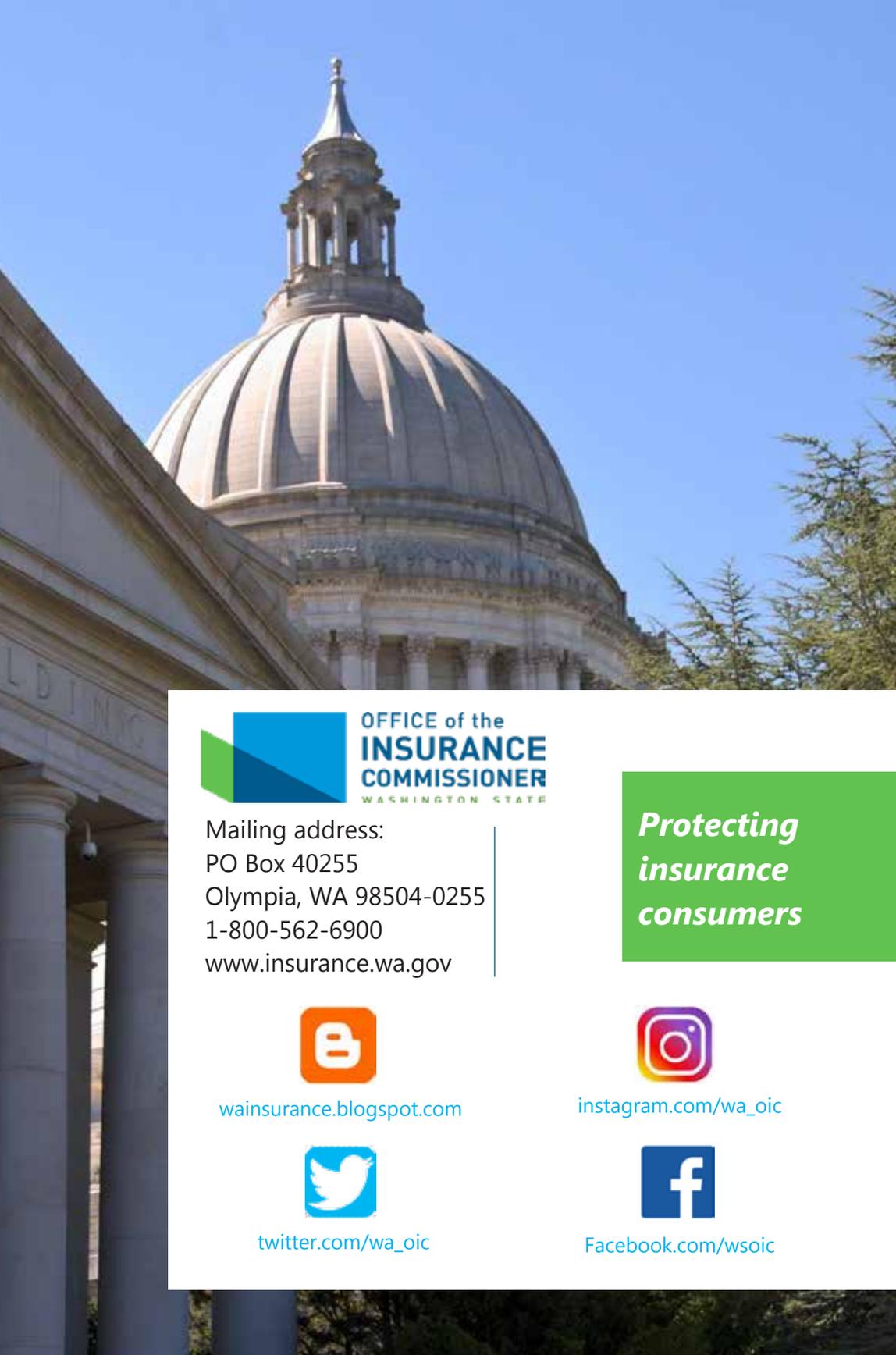
**Crystal Truemper**  
Attempted False Insurance  
Claims in Excess of \$1,500  
Victim company: USAA



**Andrew Washburn**  
Attempted Theft II  
Victim company: USAA

## Recommendations from the Insurance Fraud Advisory Board to the CIU

- Develop and implement an insurance fraud training module to be utilized at the Washington State's Criminal Justice Training Academy and by other local law enforcement agencies across the state;
- Develop an improved method of capturing fraud related losses incurred by the insurance industry;
- Increase publicity of unit's case work in efforts to deter acts of fraud.



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