

EXTANT

Claims and Litigation Management

Managing Adverse Risk - Standing Above the Rest

Workers' Compensation Cases—Leveraging Investigative Approaches



FEDERAL BUREAU OF INVESTIGATIONS INSURANCE FRAUD



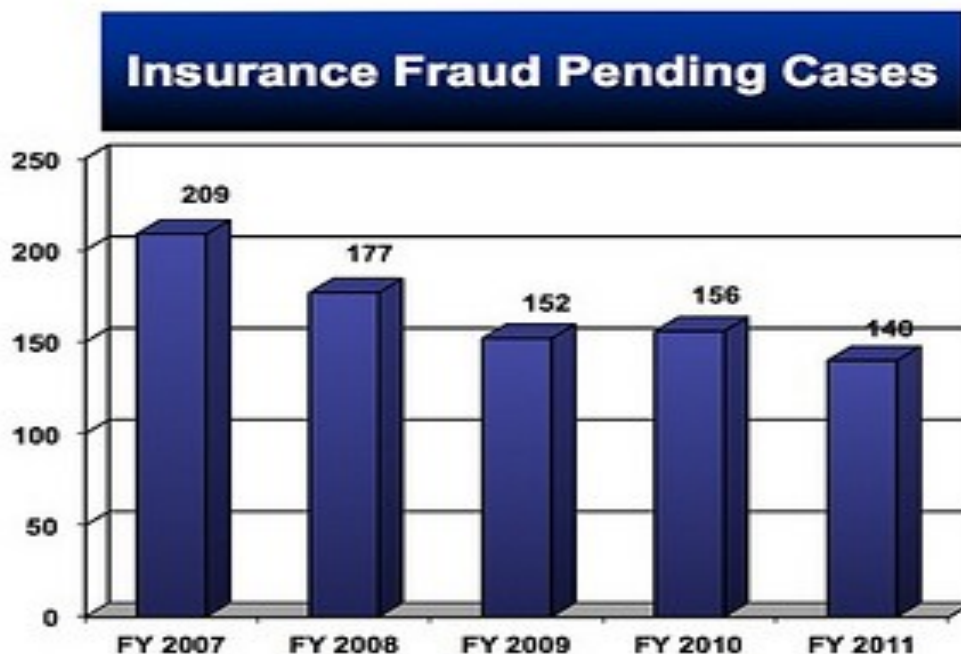
The F. B. I. Reports...

“...The insurance industry consists of more than 7,000 companies that collect over \$1 trillion in premiums each year. The massive size of the industry contributes significantly to the cost of insurance fraud by providing more opportunities and bigger incentives for committing illegal activities.

Costs of Fraud

The total cost of insurance fraud (non-health insurance) is estimated to be more than \$40 billion per year. That means Insurance Fraud costs the average U.S. family between \$400 and \$700 per year in the form of increased premiums.

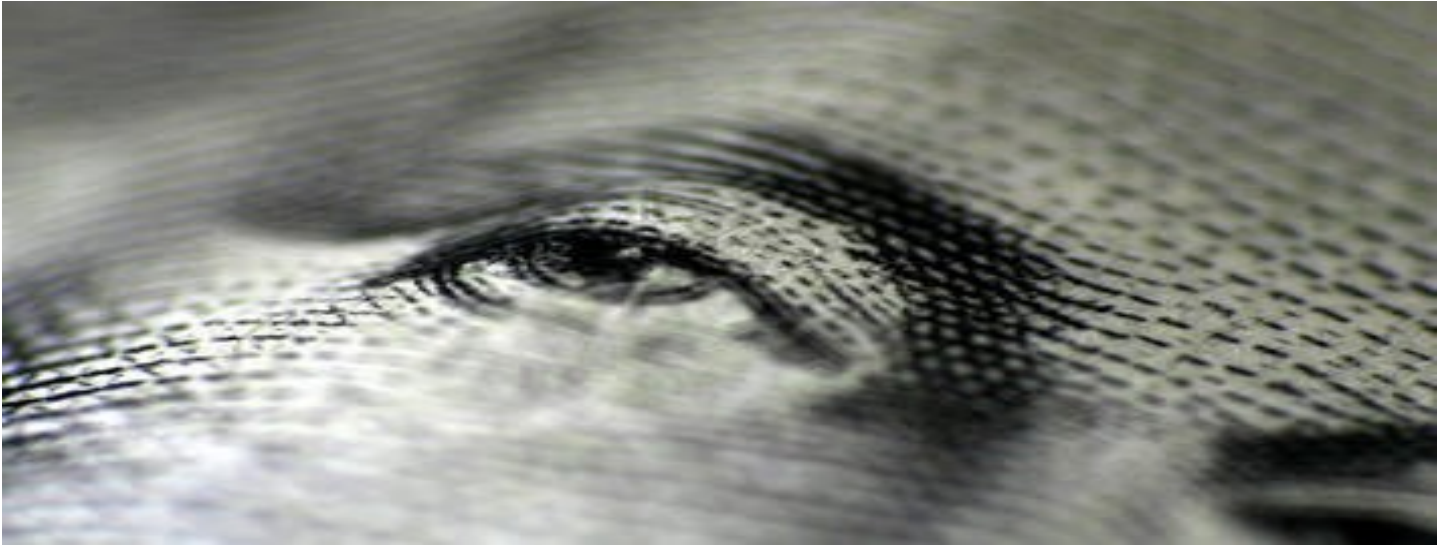
During 2011, 140 cases investigated by the FBI resulted in 19 indictments, 13 arrests, and 21 convictions of insurance fraud criminals.”



(https://

www.fbi.gov/stats-services/publications/insurance-fraud.)”

WC FRAUD SIGNS



Experience shows that when two or more of these factors are present in a Workers' Compensation claim, there is a chance the claim may be fraudulent.

- **Monday Claims:** The injury occurs first thing on Monday, or the injury occurs late on Friday afternoon but is not reported until Monday.
- **Suspicious Providers:** An employee's medical providers or legal consultants have a history of handling suspicious claims, or the same doctors and lawyers are used by groups of claimants.
- **Conflicting Descriptions:** The employee's description of the accident conflicts with the medical history or first report of injury.
- **Treatment is Refused:** The claimant refuses a diagnostic procedure to confirm the nature or extent of an injury.
- **Claimant is Hard to Reach:** The allegedly disabled claimant is hard to reach at home.
- **Employment Change:** The reported accident occurred immediately before or after a strike, job termination, layoff, end of a big project or at the conclusion of seasonal work.
- **No Witnesses:** There are no witnesses to the accident and the employee's own description does not logically support the cause of injury.
- **History of Claims:** The claimant has a history of a number of suspicious or litigated claims.
- **Late Reporting:** The employee delays reporting the claim without a reasonable explanation.
- **Changes:** The claimant has a history of frequently changing physicians, changing addresses and numerous past employment changes.



FRAUD FIGHTING SKILL SET

ADJUSTER'S INTERNAL REACH VS. EXPERT INDEPENDENT

Investigators in today's world know that pre-work on surveillance set-ups allows for a thorough and comprehensive look into the life of a claimant/plaintiff. Years ago, information sharing pales in comparison to 2016 and the cutting edge scouring tools now available.
By Ian D. Oglesby, CFO Extant Claims and Litigation Management, Inc.

Bogged down with a monthly case load, the Claims Examiner is held accountable for investigation of new losses in addition to a thirty to ninety day diary on maturing cases. Today, the Adjuster's job has changed and there exists a misinformed perception that internal staff has the intellectual reach, the time, as well as streamlined IT technology in-house, allowing for in-depth claim investigations on line. Although social media and other applications can make this possible, weighted work loads still continue to preclude them from keeping pace with the monthly time clock. As a result, many companies struggle to hit the 90 day mark with accurate reserve projections. Additionally, in the Workers' Compensation field today, after initial assignment to an vendor field investigator, the Claims Examiner has access to a partnership where an integrated claim system allows for a click of a button and video data on the Claimant's daily activities unfold from the parking lot, backyard, doctor's visit, or seeing the Claimant caught in the course of a fraudulent work endeavor. Crucial to the in-depth look is the pre-planning action by the expert field investigator. Currently mapping and

zooming in features gives the assignment the technology to produce a clear visual of the Claimant's residence and surrounding terrain. A plethora of data is mined from Motor Vehicle Records, Facebook, and other social media streams and agencies have joined the Internet on-line for ease of contact for personal search information. The one thing that has not changed in covert operations surveillance work is the need for human intelligence in pre-texting, assuming another's identity such as the utility man, electric meter reader, florist delivery staff or highway surveyor. Over the years of growing up in a generational household of intelligence gatherers, I have learned the most successful methodologies deployed in the field have their origins in creativity and standing in the Claimant's shoes. As a child, I would accompany my parents on cases taking the back roads along the cow pastures in order to glean an opening through the through the trees to the Claimant's barn. Dodging the bull and the German Shepard dog, we videoed a right sided ,paralyzed, RSD victim of a Workers' Compensation injury. The day before, the same Claimant could

not shake our hand due to his paralysis, but the following day we obtained video of him building an addition on to his livestock barn! New York City assignments were equally challenging in that Claimant's could easily be mistaken in a crowd of 9 million folks! I was taken along for my Birthday Party to a lovely restaurant, where the Claimant was working off the books as a Greeter and Host. At 4 years old, I loved to run the video camera! Little did I know when my Dad handed me the camera, and told me to keep my eye on the Claimant, I was breaking ground for a career in law, insurance fraud and enjoying my passion for state-of-the-art technology. Today, I know the successful field investigator uses a combo of old and new methods to maneuver the complex world of insurance fraud. Making great strides in the field, means being creative, patient and preserving with every technological resource available. It also doesn't hurt to stand in the psychological shoes of fraudulent Claimant and learn to think like them. Internal SIU and Adjusters stand to obtain better and more timely results with field partnerships..." It's like the logical law of the land".

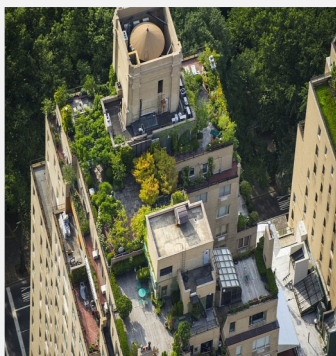
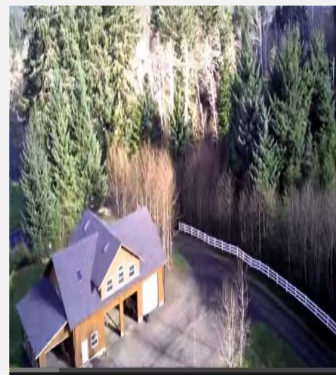
Experts, Technological Tools... Combined with, Social Media, Saves Time, \$\$\$ Yielding Results



By Ian D. Oglesby, CFO, Extant Claims and Litigation Management

The investigative insurance field landscape is changing rapidly in terms of the law, use of tools, and the professional skill set needed to stand above the competition. We work in a surreal climate with endless possibilities in obtaining data and capturing a Plaintiff's daily activities. The time has come where Amazon tests Drones for delivery of goods and services and Big Brother is questioned by the average citizen, raising matters of public concern for ethical standards and privacy. Insurance investigators and Managers know what it is to have a diary cycle which continues to drain expense costs. Work loads grow with the hope that a company's IT mainstreaming brings about more time and a cost effective approach to resolve case litigations. This is why clues into a Plaintiff's past, current and future requires insights on a timely basis in order to project reserves. Injuries and damages must be accurately evaluated for good faith resolution, in addition to having loss prevention and risk management address emerging exposures for the policy holder. Obtaining data in addition to surveillance footage on liability, Workers' Compensation, disability and auto cases can be a challenge if the integrity of the location is compromised by law enforcement or inexperience. Manned and unmanned surveillance provides the defense team with comprehensive options to choose from.

DRONES FOR DEAD ENDS



Whether an, unmanned vehicle or other customized decoys are used to obtain 24 hour surveillance, we see more and more favorable results as well as prosecutions for fraud. Costs are reduced as well as a three day unmanned attempt will add credibility for the Judge. The opposing side can not claim that the Plaintiff was simply having a good day. Drones in the Workers' Compensation surveillance arena present complex issues regarding undefined terms of legal use as well as parameters from the FAA. Stealth is also a concern in that most aerial vehicles approach a venue with a degree of noisy disruption. Over time technology is being perfected and drones are becoming less expensive, engineered for precision photography as well as increased flying time without detection. As with any sensitive collection of data, having the potential to breach the public's confidentiality or privacy, operator licenses should be required by the State. In the field of insurance, drones can be useful to surveil when the field conditions present high a top a building, in a closed or fenced in property or where access by robotics is necessary to first scope out the terrain, advancing the logistical strategy. It is also novel to the property adjuster following a catastrophic storm where roof damage needs an aerial profile, and the transfer of pictures can be done to the Adjuster's field laptop, while a check can be cut for the homeowner.



INDEPENDENT MEDICAL EXAM (IME)

A Workers' Compensation (WC) case evaluation begins with the Claims Examiner

IMEs are critical to overall case evaluation, detecting discrepancies in Claimant/Plaintiff attorney error

Independent Medical Exams or Independent Psychiatric Exams are an opportunity for Claims Examiners to formulate and validate their own opinions on the status of the Claimant's injury, obtain medial opinion on past injury history, recommend future medical treatment and distill diagnosis.

Defense attorneys schedule IMEs when:

- ⇒ A case become stale and length of treatment extends beyond the norm
- ⇒ There is a failure to reach MMI
- ⇒ Failure to RTW
- ⇒ Malingering is suspect
- ⇒ Treatment is excessive and duplicative
- ⇒ Doctors tell the Claimant surgery is necessary to no avail, non-invasive alternatives are recommended, psychological overlay
- ⇒ Psychological claims are exaggerated and do not appear related

The Medical and Psychological Records are important. The information must be inclusive from the initial consultations, surgery records, physical therapy notes, functional capacity evaluations, and the last year of ongoing treatment notes. Past psychological records show the goals of the treatment and if benefit is accrued. These records should be timely provided to the IME Doctor. If suspect activity is involved the Doctor should be asked to include a drug screen to validate allegations that the Claimant may be selling pills on the street. If surveillance has been obtained demonstrating the Claimant's abilities to lead a normal life, the video should span over several days with the same notable activities. This avoids the IME Clinician from becoming uncomfortable in his observations and stating his/her opinions. Further, the evidence in the report discredits the thought that the Claimant had a good day and was able to bend, lift, carry, dig, etc. despite their failed back syndrome case.

The important facts to remember surrounding scheduling of an IEM for a Claimant is that the opinion is only as good as the information provided to the Doctor.





Tips for Policy Holders: Stay Involved with Your Employee's Claim

Happy workers respect their place of employment, their supervisors and management! When your employee is injured on the job, the way they are treated straightaway from the accident reflects directly on Management. They soon pass judgement on their Employer. From the first emergency response, to follow-up the same day and night of the accident, through to the continued medical treatment and recuperation period, an employee will genuinely show their interest to return back to work as soon as possible.

The general rule is that Policy Holders should regularly monitor their injured employee's claim paperwork, the WC board decisions and the medical progress reports. Make sure their treating doctors are aware of any temporary jobs you can offer during recovery or work hardening programs available. These honest steps can help you control costs and retain a good and respectful employee. Look closely at the accident report and information for red flags or discrepancies. Make sure OSHA is notified if necessary. Record keeping is critical on every claim filed. Cross every "T" and dot every "I" "making sure the witnesses and proximate causation of the injury is rectified, if need be. Listen to the talk on the workshop floor regarding what the employee is doing at home while recuperating or did they want time off from work to go on a vacation? Make sure you have a **FRAUD HOTLINE** on premises for folks to call in without identifying themselves. In a nutshell, **if you take an active role** in dealing with workers' compensation insurance claims and communicate your side of the story, you'll have a much better chance of avoiding unnecessary claim payments. These things aren't easy but the results of your diligence can show up in your bottom line bank balance.

Employers should know their rights. Employers have essentially the same status in a workers' compensation insurance claim as their employees and the employees' attending doctors.



Red Flags to Detect Claimant Fraud

- New hire has immediate accident on the job and avoids employer phone calls while out
- Disciplinary personnel actions lead to false claim
- Spotty attendance
- Disagreements with co-workers
- Prior lost-time claims
- Comes back from vacation on Monday file accident report on job
- Accident occurs in an unexpected area of job where task is not ordinarily performed
- No witnesses or the only personal friend witness
- WC accepted but claimant never home, no phone pick up, working cash job
- Claimant refuses authorizations, delays seeing a doctor and doesn't take light job duties

Premium Fraud

- Certificate of Insurance depicts bad data
- Cross-outs, white-outs or erasures on documents
- Volume of employees and payroll inconsistent

Red Flags to Detect Medical Provider Fraud

- Medical visits do not support the services invoiced
- Billing procedures for evaluation and management codes
- Provider is actively billing multiple claims for an injured worker
- Claimant doesn't remember treatments billed
- Doctor's reports are the same for different patients
- Much higher billing rates
- Higher frequency of treatments



**Stop FRAUD by Implementing
a Program for Policy Holders!**

Call the EXTANT FRAUD HOTLINE

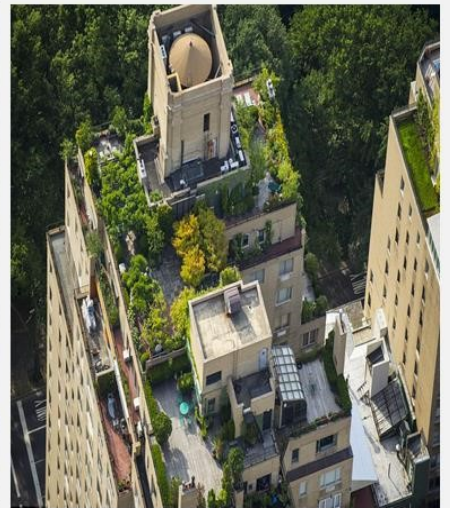
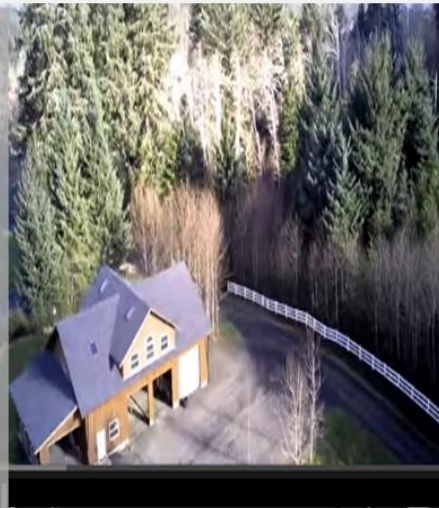
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Difficulty Getting Results?



SURVEILLANCE

DRONES FOR DEADENDS



EXTANT

Claims and Litigation Management

Managing Adverse Risk - Standing Above the Rest

Services include, routine and customized insurance surveillances, robotic, aerial, and (un) manned surveillances, activity/wellness checks investigations, Workers' Compensation and multi-lines assignments, litigation management, risk analysis, loss control reviews, insurance and reinsurance claims, operational and underwriting auditing

Licensed, Bonded, Insured-60 years of Industry Experiences

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