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JOIN THE BATTLE AGAINST WORKERS' COMPENSATION FRAUD

Fraud is one reason workers' compensation costs in Florida are so high. Stopping fraud will help to stabilize costs and would benefit the entire system. You can help by understanding the serious consequences of workers' compensation fraud and by knowing how to report it.

The two more common types of workers' comp fraud schemes are claimant fraud and premium fraud.

Claimant Fraud: In claimant fraud, an employee may receive workers' comp benefits under false pretenses. The dishonest claimant may lie about the injury occurring on the job, when the injury actually occurred at home or elsewhere. Or, the claimant may lie about the injury itself. He or she may overstate the extent and seriousness of the injury or receive money from other sources while lying to the insurance company about such income. Unscrupulous medical providers (doctors, pharmacists, etc.) can try to be paid for excessive or even nonexistent treatments, and attorneys can become involved in scams by trying to secure benefits the claimant is not entitled to.

Premium Fraud: Premium fraud occurs when employers use a variety of schemes to defraud their workers' compensation insurance company by either (1) not paying for workers' comp coverage at all, or (2) by paying less than they should. The primary scams are:

- Reporting to the insurance company a payroll figure that is less than the total payroll actually being paid to employees of the business
- Misclassifying workers by not revealing all job duties that an employee performs

- Paying workers in cash while identifying them as subcontractors
- Paying/using illegal aliens as employees
- Failing to report on-the-job injuries to the insurance company
- Failing to have workers' comp insurance when it is required

If your business is engaging in premium fraud, you will be subject to various penalties:

- If you are lying to your insurance carrier, you will lose your workers' comp insurance and it will be difficult to secure another policy. In addition, your insurance company can pursue civil charges against you.
- You can also be charged criminally as outlined below.
- If you are discovered working without the appropriate workers' comp coverage, the State will shut your business down until you have secured the appropriate coverage and paid the appropriate penalty.

Workers' comp fraud is a serious offense. The Florida Legislature has enhanced the penalties for workers' compensation fraud to more closely mirror the penalties for theft in Florida. In the past, workers' comp fraud was a third degree felony. Now a person can be charged with a first-degree felony, depending on the amount of money stolen. In addition, the statute of limitations has been increased from 3 years to 5 years after discovery of the crime.

Workers' comp fraud is also a drain on Florida's economy. It causes insurance companies to

become insolvent and go out of business, it puts legitimate employers out of business, and it increases health care costs and the cost of insurance for all Floridians.

If you suspect insurance fraud, immediately report it to the Florida Department of Financial Services' Division of Insurance Fraud. They provide a toll-free hotline for reporting suspected workers' compensation fraud.

The hotline number is 1-800-378-0445. Or, you can report fraud to any of the field offices listed below:

- Fort Myers: 239-461-4002
- Jacksonville: 904-348-2604
- Miami: 305-536-0302
- Orlando: 407-835-4402
- Pensacola: 850-595-6394
- Plantation: 954-321-2902
- St. Petersburg: 727-563-1142
- Tallahassee: 850-414-5687
- Tampa: 813-890-1902
- West Palm Beach: 561-242-5442

**REPORT ALL ON-THE-JOB
ACCIDENTS AND INJURIES
PROMPTLY TO YOUR INSURANCE
COMPANY**

Even though not reporting claims is not considered premium fraud, it can still get you in a lot of trouble with your workers' comp insurance company. Even though you may be tempted to just pay your injured employee's doctor bills out of your pocket, this is never a good idea. If your insurance company learns that you have done this, they will probably cancel your insurance. Workers' comp companies know how to deal with and manage workplace injuries, and it is vital that you report any such injuries to them.

When you first learn of a workplace accident, immediately call your insurance company to let them know. They will send you the First Report of Injury or Illness form for you to fill out and have the injured

employee sign. Florida law requires you to send this form to your insurance company within 7 days after you learn of it. If you do not, you can be fined up to \$1,000. In addition, if your late reporting of the accident causes your employee's benefits to be delayed, you can be ordered to pay penalties and/or interest to your injured employee in an amount determined by a judge.

If your workers' comp policy is with FUBA Workers' Comp (provided through the Florida, Citrus, Business & Industries Fund), the number to report a workplace injury is 1-800-444-9098. If you receive your workers' comp coverage elsewhere, your company's number for reporting claims can be found on the "broken arm" poster provided by your insurance company.

**ATTENTION CONTRACTORS:
DID YOUR LICENSE NUMBER
CHANGE?**

In January of 2002, the Construction Industry Licensing Board converted to new licensing software. As a result, some license numbers were modified to meet the new system's criteria. Two types of license were affected by this change: (1) Additional Business Licenses and (2) Specialty Licenses, including Specialty Structure, Residential Solar Water Heating, Gas Line, and Drywall.

The additional business licenses had a letter (for example, CGCA12345) after the category abbreviation, which changed to a number (for example, CGC112345). The specialty licenses had the prefixes of SC, CW, CZ and CK, respectively.

These have all been changed to have the prefix SC and the specific license category listed on the actual license as a modifier. If you had a license in any of these categories, you should review your most recent license or visit www.MyFloridaLicense.com to verify the license number. Just remember that some license numbers have changed significantly.