

Building a Fraud-Resistant Workplace

Essential strategies to tackle Workers' Compensation fraud

Our Presentation Will Begin Soon

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Today’s Topics

- Introduction to fraud in Workers’ Compensation
- Understanding injured worker fraud
- Motivations behind fraudulent or retaliatory claims
- Risk factors and business practices magnifying fraud
- Best practices and prevention strategies
- Policies, training, and culture
- Protection Beyond Workers’ Compensation
- Closing, Q&A, and resources



Why It Matters

Cost impact of fraud

- Fraudulent activity increases costs for businesses and employees

Insurance premium rise

- Fraud drives up premiums and affects financial stability

Friction to the system

- Waste and delays adversely impact people who are truly injured



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What Is the Annual Cost?

$9B

Estimated annual cost of U.S. Workers' Compensation claimant fraud



2022 Coalition Against Insurance Fraud Task Force Study

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Red Flag Indicators

1. Exaggerated complaints of injury
2. Unwitnessed Incident
3. Conflicting witness statements
4. Injury reported post-termination or in retaliation
5. Pain complaints outweigh objective findings or observations
6. Rumors the injury occurred outside working hours

Examples of Injured Worker Fraud

Fabricated or exaggerated injury

- The injury or claimed limitations are materially misrepresented.

Concurrent employment

- Working elsewhere while collecting disability benefits

False accident details

- The location, timing, or circumstances are falsified

Material misrepresentation

- A fact important to the claim is knowingly misstated.



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Workplace Factors

Unfair treatment and hostility

- Perceived unfairness may contribute to retaliatory behavior

Distrust in management

- Low trust in management or the claim process can increase risk.

Poor communication

- Unclear reporting channels create confusion and vulnerability

Job insecurity and fear

- Fear and insecurity can influence claim behavior



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Risky Business Practices

Lack of clear policies

- Inconsistent rules increase vulnerability to fraud and misconduct

Poor documentation

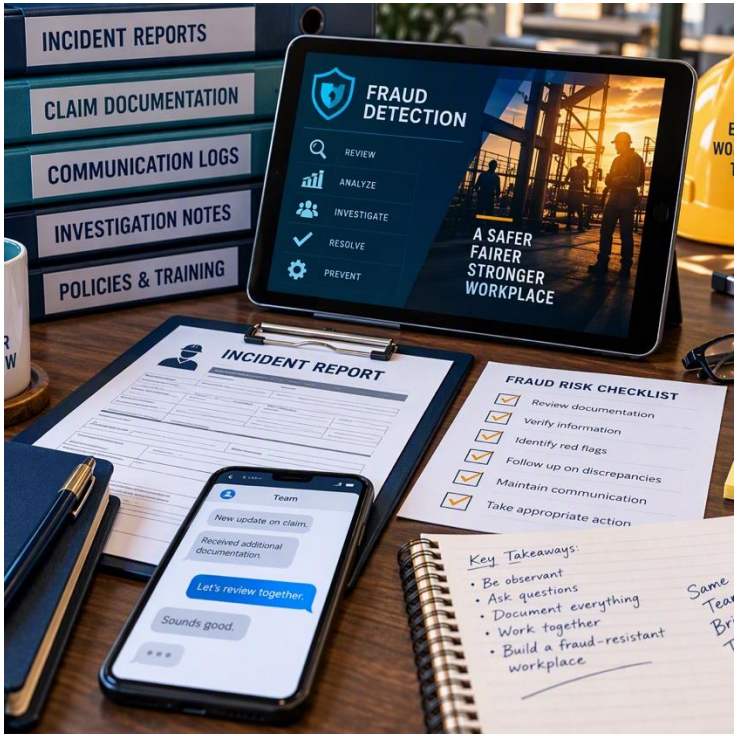
- Incomplete records make transparency and fact-finding difficult

Punitive reactions

- Negative responses discourage honest and timely reporting

Lack of training and support

- Unprepared supervisors and weak return-to-work practices increase risk



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Actionable Steps to Reduce Fraud

Positive safety culture

- Promote transparency and accountability

Train leadership roles

- Teach supervisors how to receive and document injury reports.

Clear policies

- Define injury reporting and return-to-work expectations

Employee engagement

- Stay connected and address concerns early



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Promoting a Positive Workplace Culture

Build trust and communication

- Open communication improves transparency and teamwork

Value employee well-being

- Prioritize safety and support throughout recovery

Reduce fraud motivations

- A strong culture encourages ethical behavior and decreases rationalization



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Maintain Detailed Records

Incident reports

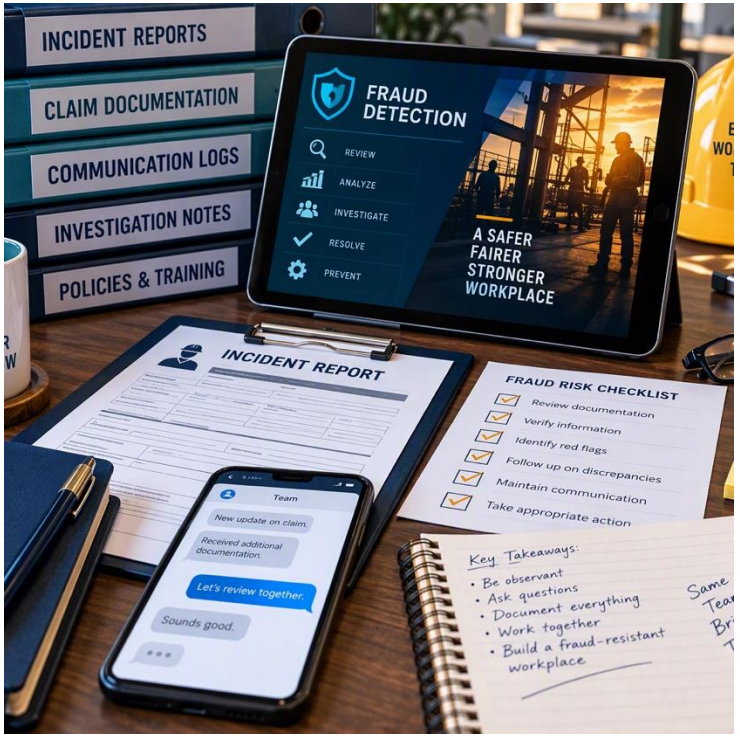
- Capture timely, detailed accounts to support accuracy

Communication logs

- Track exchanges and follow-up clearly

Improved processes

- Use accurate data to improve outcomes and prevent repeat issues



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Clear Policies and Communication

Written safety policies

- Document safety and injury-reporting requirements

Return-to-work procedures

- Clearly define the path back to productive work

Effective communication

- Make policies understandable, accessible, and consistently applied



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Employee Engagement

Modified duties

- Offer appropriate work that supports recovery

Employee engagement

- Keep injured employees connected and productive

Check In

- Confirm treatment and recovery needs are being addressed

Fraud reduction

- Transparency and involvement can reduce claim risk



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Partnering with ICW Group

Share suspicious activity

- Provide leads and concerns to the Claims Examiner or SIU

Collaborate on investigations

- Coordinated fact-finding supports stronger resolution

Access prevention resources

- Use ICW Group tools and resources to support risk management



Protection Beyond Workers' Compensation



Commercial Auto

Covered vehicles and liability arising from business use



General Liability

Covered third-party injury and property-damage claims



Commercial Property

Buildings, business property, and covered physical assets



Inland Marine

Covered equipment and mobile property, including goods in transit

The same prevention mindset applies; preserve facts, document early, and report concerns promptly.

Commercial Auto: Fraud and Prevention

Fraud indicators

- Staged events, prior damage presented as new, misrepresented drivers or vehicle use, and inflated repair, rental towing, or storage costs

At the scene

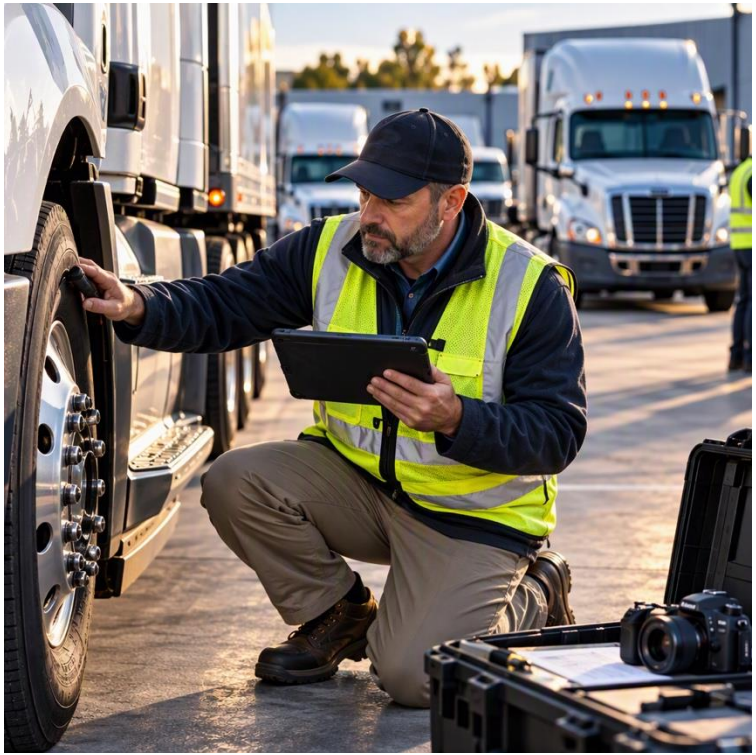
- Prioritize safety, report promptly, photograph positions and damage, identify witnesses, and preserve dashcam or telematics information

Fleet discipline

- Maintain current driver and vehicle records, documented inspections, key controls, and clear accident-reporting expectations.

Evidence matters

- Retain estimates, repair records, mileage, dispatch information and vehicle-condition photos.



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Commercial Property: Fraud and Prevention

Fraud indicators

- Suspicious fire or theft circumstances, questionable ownership, inflated inventories or valuations, altered invoices, and manipulated images or documents

Preserve the loss scene

- Protect damaged areas, retain surveillance and access records, and avoid discarding property before documentation and inspection.

Know what you own

- Maintain inventories, serial numbers, purchase records, replacement-cost support, and pre-loss photos of high-value property.

Strengthen controls

- Maintain alarms, cameras, sprinklers, key controls, and documented inspection and maintenance practices.



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General Liability: Fraud and Prevention

Fraud indicators

- Inconsistent loss facts, questionable premises evidence, delayed reporting, prior or duplicate claims, and conflicting witness accounts

Document conditions

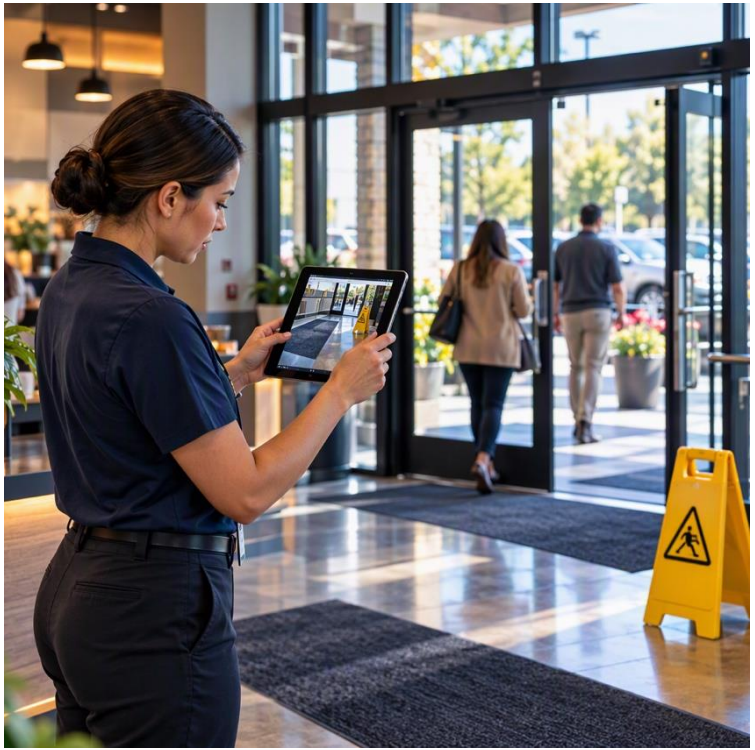
- Capture the location, lighting, weather, floor or walkway condition, warnings, and post-incident changes

Preserve objective evidence

- Secure video promptly, identify witness, and retain inspection logs, photographs, receipts and relevant visitor records

Prevent repeat incidents

- Use routine premises inspections, housekeeping standards, escalation procedures, and consistent incident-response training



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Inland Marine: Fraud and Prevention

Fraud indicators

- Questionable theft or disappearance, disputed ownership, inflated values, duplicate items, altered invoices, and manipulated loss documentation.

Track property movement

- Maintain equipment schedules, serial numbers, purchase records, photos, and check-in/check-out or chain-of-custody documentation.

Secure mobile assets

- Use locks, GPS or telematics where appropriate, controlled storage, access logs, lighting, and surveillance.

Respond to a loss

- Report promptly, preserve shipping and job records, document the last known location and condition, and retain available tracking data.



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One Standard, Different Evidence



Commercial Auto

- Vehicle and driver information
- Scene and damage photos
- Telematics, dispatch, repair records



General Liability

- Premises conditions and warnings
- Video and witness information
- Inspection and incident logs



Commercial Property

- Ownership and inventory support
- Pre-loss and post-loss images
- Invoices, estimates, access records



Inland Marine

- Equipment schedules and serial numbers
- Movement and custody records
- Tracking data and last known location

A red flag is a lead, not a conclusion. Focus on factual, material inconsistencies and preserve the evidence needed to evaluate them.



QUESTIONS?

Detect. Deter. Defeat.

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THANK YOU

A safer, fairer workplace starts with clear choices and consistent action.