



*The Case of the Disappearing Employee and
the Proactive Policyholder*

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Several years ago, a handy man was terminated by a country inn and restaurant for numerous violations of company rules and policies. Upon being terminated, the employee stated that he had injured his back and shoulder as the result of an injury he sustained earlier while working at the inn. He completed a claim for benefits, but declined immediate medical treatment.

The inn noted several “red flag” indicators of fraud when reporting the claim and conveyed the information to the EMPLOYERS Claim Examiner. The Claim Examiner notified the EMPLOYERS Fraud Investigations Department, which investigates criminal fraud issues, while the Claim Examiner continued to handle the administrative issues of the claim.

As a result, a field compensability investigation was conducted which identified several co-workers of the claimant who stated that the claimant had told them that he was going to file a claim for a fictitious injury arising out of a fabricated workplace accident and that he would pay them to be “phony witnesses” to the accident. They all refused.

Subsequently, a referral for potential workers’ compensation fraud was made to the local district attorney’s office by the EMPLOYERS Fraud Investigations Department. The referral included documentation of the claimant’s misrepresentations, witness statements and documentary evidence that supported an accusation that workers’ compensation insurance fraud had been committed by this claimant.

Within the following few months, district attorney investigators independently substantiated the information contained in the EMPLOYERS referral for suspected workers’ compensation fraud. The county district attorney subsequently generated a seven count felony complaint and an arrest warrant was issued. The claimant immediately fled the country and remained outstanding for more than four years.



During those years, both EMPLOYERS and law enforcement continuously attempted to locate the claimant. Not to do so would have allowed the arrest warrant to go stale and could have become an impediment to his criminal prosecution, if and when he was eventually located.

Four years later, the claimant was arrested while allegedly committing another crime. Two months after his arrest, he admitted that he had never suffered an injury while working at the inn and pled guilty to the workers' compensation fraud charge. The six year struggle had resulted in proving that his workers' compensation claim against the inn had been totally fraudulent.

Three months after the conviction, amended Unit Statistical Report filings were filed by EMPLOYERS to remove the fraudulent claim from the inn's experience rating, retroactively to six years prior, when the fraudulent claim had been filed.

The inn, as the policyholder, received tens of thousands of dollars in refunded premium from EMPLOYERS and the carriers that had insured them during the years following the filing of the fraudulent claim. None of it would have occurred if not for the policyholder and EMPLOYERS teaming up to fight and win against this fraudulent workers' compensation claim.

The policyholder letter on the next page sums up the rest: