

## EXECUTIVE SUMMARY

**Virginians have ambiguous feelings about trusting others.** Six in ten feel that “most people try to be fair.” At the same time, just over half say that “you can't be too careful in dealing with people.” These figures are consistent with 2000 results. Higher income/education levels and married persons tend to be more trusting of others.

**While they acknowledge that right and wrong is not always a “black and white” issue, most Virginians believe people should always obey the law.** Eight in ten agree that right and wrong is not black and white, and involves shades of gray. However, six in ten believe people should always obey the law. These figures are consistent with 2000 results. Seniors, women, and low income/education levels are the most likely to say people should always obey the law.

**The perceived seriousness of fraudulent behavior relates to the consequences of the particular behavior.** Nearly all Virginians (90% range or higher) believe it is “always wrong” to engage in certain behaviors that are against the law and could lead to incarceration (i.e., using someone else's credit card, staging phony accidents, claiming a non-work injury happened on the job, providing inaccurate medical information). But slightly less than half say it is “always wrong” to sneak food/drinks into a movie theater. In relation to the 2000 survey, there has been a significant increase in the percentage of respondents who say that several of the behaviors are “always wrong,” including: inflating amount of claim, claiming a work injury, providing inaccurate medical information, not claiming all income, over-estimating charitable donations, and lying to a police officer.

**More offensive fraudulent behaviors have a lower perceived rate of incidence.** The three behaviors considered most offensive—staging phony accidents, using someone's credit card, misrepresenting a work injury—are perceived to occur less frequently than all other fraudulent behaviors. Conversely, sneaking food/drinks into the movies (considered the least offensive behavior) is perceived to occur on a relatively frequent basis. When compared to the 2000 survey, there is a slight increase in the perceived incidence of sneaking food/drink into the movies, over-estimating charity contributions, underestimating mileage to work on insurance applications, misrepresenting a work injury, and using a found credit card.

**Knowing someone who has committed a fraudulent act is more common among current Virginians.** In relation to the 2000 survey, there has been an increase in the percentage of respondents who personally know someone who has snuck food/drinks into the movies, lied about a speeding ticket, failed to claim all income on tax returns, claimed that a non-work injury happened on the job, and overestimated charitable deductions. With respect to insurance fraud, the current

respondents (2005) are most likely to know someone who has misrepresented a work injury, and least likely to know someone who has staged a phony accident.

**Consistent with the 2000 survey, Virginians most commonly define insurance fraud as inflating/falsifying claims or faking injuries/accidents.** When asked to provide examples of insurance fraud, three-fourths of the Virginians cite inflating/falsifying claims or faking injuries/accidents. In 2000 Virginians also focused on these same acts when asked to give examples of insurance fraud.

**Virginians recognize the harmful impact of insurance fraud.** More than nine-tenths of Virginians say that everyone (including themselves) are hurt financially by insurance fraud. Nine in ten Virginians also believe that insurance premiums are higher than they would normally be because of people committing insurance fraud.

**A higher percentage of current Virginians are “very” likely to report suspected cases of insurance fraud.** In both surveys, seven in ten Virginians are likely to report insurance fraud; however, half of the current respondents are “very likely” to report insurance fraud, compared to a third in 2000. A higher proportion of younger persons, past fraud victims, and lower education/income levels are “very” likely to report insurance fraud.

**Consistent with the 2000 survey, a reluctance to “get involved” is the main reason for not reporting suspected fraud.** While no one reason stands out, just over a fourth of the respondents “do not want to get involved” or feel that it is “none of their business.” Other reasons mentioned: depends on the situation, need conclusive proof, concerned for personal safety, or would not want to “turn in” a friend or family member.

**Virginians are likely to contact either an insurance company or the police to report insurance fraud.** Nearly two-thirds would contact an insurance company or the police. Another eight percent would contact state government, and four percent mention a hot-line for reporting insurance fraud. A relatively low percentage (one in five) are unsure of “how to go about” reporting insurance fraud.

**There appears to be somewhat limited awareness of the Virginia State Police Insurance Fraud Program, though not out of the ordinary for this type of advertising campaign.** Twelve percent of Virginians are aware of the Program (television is the most common informational source on the Program). In the 2000 survey, a higher percentage of residents were aware of the Insurance Fraud *Division* of the Virginia State Police (just under a fourth). This is not surprising since the word “Division” sounds more official and people are more inclined to think they have heard of such an entity as opposed to a “Program” (even though it did not exist in 2000). The percentage found in 2000 is certainly much higher than those found in previous benchmarking studies conducted by YMR personnel (normally in the 5% range with highs of 10%). The current Virginians also display low awareness (on a 100-point scale) of the StampOutFraud web site and the toll-free (877-62-FRAUD) hot-line. With respect to the details of reporting fraud, four in ten are aware that you can

remain anonymous during the process, and two in ten are aware of a cash reward (which most place at less than \$15,000).

### **Key Implications**

1. Insurance fraud is considered among the most offensive fraudulent acts. Four of the five most offensive fraudulent actions are insurance related: staging phony accidents, misrepresenting a work injury, providing inaccurate medical information, and inflating claims.
2. Insurance fraud is most often associated with falsifying/inflating claims and faking injuries/accidents. Three-fourths cite these as examples of insurance fraud in an unaided question.
3. Fraud is a personal matter to nearly half of Virginians. Approximately half of Virginians have been a personal victim of fraud (not necessarily insurance fraud), or know someone who has been a victim of fraud.
4. Virginians clearly recognize that they are personally impacted in a negative way by insurance fraud. More than 90% say that everyone (including themselves) is hurt financially by insurance fraud, and that insurance premiums have increased because of insurance fraud.
5. There is an increased likelihood of reporting insurance fraud. Seven in ten are likely to report insurance fraud, including half who are “very likely” to report (up from 2000).
6. Awareness of the Virginia State Police Insurance Fraud Program and initiatives appears moderately low. Though it appears there was a decline in awareness of the Program itself, keep in mind the wording change from “Division” to “Program” and the fact that the previous percentage was extraordinarily high (more than double found normally in a benchmarking study).