

ForeCAST REPORT

Date: May 6, 2010

Regarding: **Staged/Caused Accident Questionable Claims, Bodily Injury and Personal Injury Protection Claims 2007 - 2009**

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Executive Summary

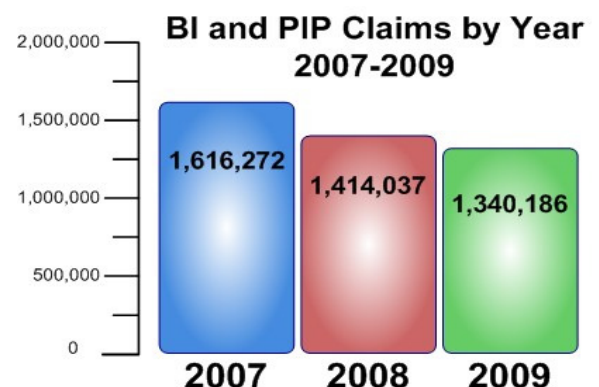
This *ForeCAST*SM Report analyzes Bodily Injury (BI) and Personal Injury Protection (PIP) Claims, and Staged/Caused Accident¹ (SA) Questionable Claims (QCs) within the United States (US). All claims in this analysis were submitted in the calendar years 2007, 2008, and 2009 and listed a 2 digit US State code or "DC". BI and PIP Claims, retrieved from ISO ClaimSearch, listed a Loss Type of either "Bodily Injury" or "Personal Injury Protection", which were determined to be the most common Loss Types for Staged Accident Claims. Questionable Claims, as submitted by Member Companies, listed a Referral Reason² of "Staged/Caused Accident". The report analyzes the overall US BI and PIP Claims, and also the US SA QCs by the following: Overall US SA QCs, Loss State, Loss City, Core Based Statistical Area (CBSA)³, Policy Type, and Loss Type. It also analyzes the ratio of SA QCs to BI and PIP Claims.

Overall, the number of SA QCs has increased by 46.3% from 2007 to 2009. The Top 10 loss locations were heavily dominated by Florida and New York, which are No-Fault (or PIP) states. Florida and New York were ranked first and second, respectively, in the Top 10 Loss States, and accounted for 5 of the Top 10 Loss Cities, and 4 of the Top 5 Loss CBSAs.

SECTION 1: Overall United States BI and PIP Claims

The adjacent graph shows the total number of BI and PIP Claims that were submitted in the US from 2007 through 2009. The number of submitted BI and PIP Claims has declined each year. There were 4,370,495 BI and PIP Claims submitted during this time frame.

There was a 5.2% decrease in BI and PIP Claims from 2008 to 2009. Overall, there was a 17.1% decrease in BI and PIP Claims from 2007 through 2009.



¹ For additional information on Staged/Caused Accidents, refer to the "Automobile Accident Fraud" A.W.A.R.E. report dated 08/30/05 on the NICB Website

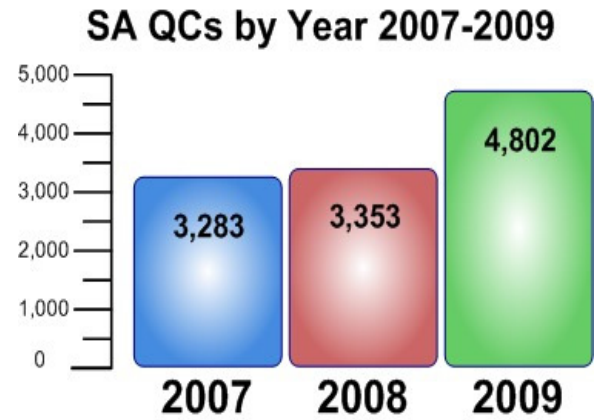
² Questionable Claims can list up to 7 Referral Reasons for a single claim

³ "The term "Core Based Statistical Area" (CBSA) is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population, and a micro area contains an urban core of at least 10,000 (but less than 50,000) population." (U.S. Census Bureau Website)

SECTION 2: Overall United States Staged/Caused Accident Questionable Claims

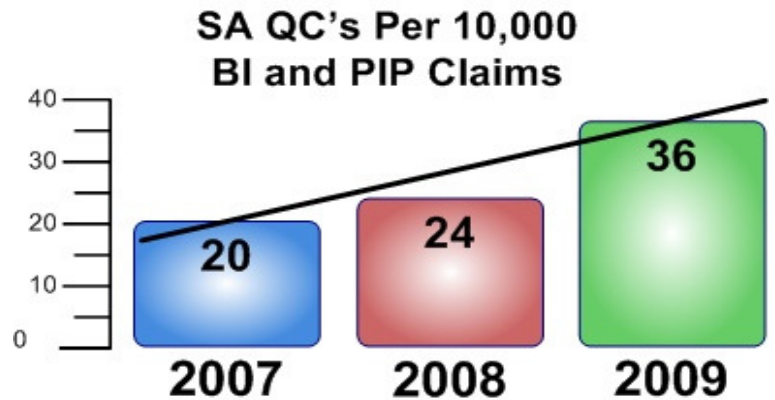
The adjacent graph shows the total number of SA QCs that were submitted in the US from 2007 through 2009. There were 85,021 QCs submitted in 2009. Of these, 4,802 were SA QCs, or 5.6% of the 2009 QCs. There were 74,676 QCs submitted in 2008. Of these, 3,353 were SA QCs, or 4.5% of the 2008 QCs. There were 70,844 QCs were submitted in 2007. Of these 3,283 were SA QCs, or 4.6% of the 2007 QCs. The overall number of SA QCs is a small percentage of the number of QCs as a whole, however the dollar value of the fraud associated with these claims can be significant.

There was a 2.1% increase in SA QCs from 2007 to 2008. There was a 43.2% increase in SA QCs from 2008 to 2009. Overall, there was a 46.3% increase in SA QCs from 2007 to 2009.



SECTION 3: Ratio of Overall U.S. SA QCs to Overall US BI and PIP Claims

The adjacent graph shows the ratio of SA QCs to BI and PIP Claims by year. The ratio of SA QCs to overall BI and PIP Claims has increased each year from 2007 to 2009. In 2007 there were approximately 20 SA QCs for every 10,000 BI and PIP Claims. In 2008 there were approximately 24 SA QCs for every 10,000 BI and PIP Claims. In 2009, there were approximately 36 SA QCs for every 10,000 BI and PIP Claims.



SECTION 4: United States Staged/Caused Accident QCs by Loss State

The following table shows the number of SA QCs in the US by Loss State. The chart ranks the states based on the total combined number of SA QCs for all years 2007 through 2009. There were 11,438 SA QCs submitted from 2007 through 2009. Florida was the Loss State⁴ with the most SA QCs in each time frame and had a total of 3,006 SA QCs from 2007 through 2009: 26.3% of all SA QCs. Florida had a 70.1% increase in SA QCs from 2008 to 2009. Three of the Top 20 States had a significant increase, over 80%, from 2008 to 2009: Nevada (112.0%), South Carolina (86.0%), and Ohio (102.9%). Wyoming was the only Loss State with no SA QCs submitted in 2009. All but 2 of the Top 25 Loss States had an increase in SA QCs from 2008 to 2009 (Massachusetts had 1 less SA QC and Kentucky had the same number of SA QCs). This shows that staged accidents continue to be used as a revenue generator by organized groups even though investigations have exposed their actions in many of the top states. An asterisk (*) represents a tie in the total number of SA QCs from 2007 through 2009.

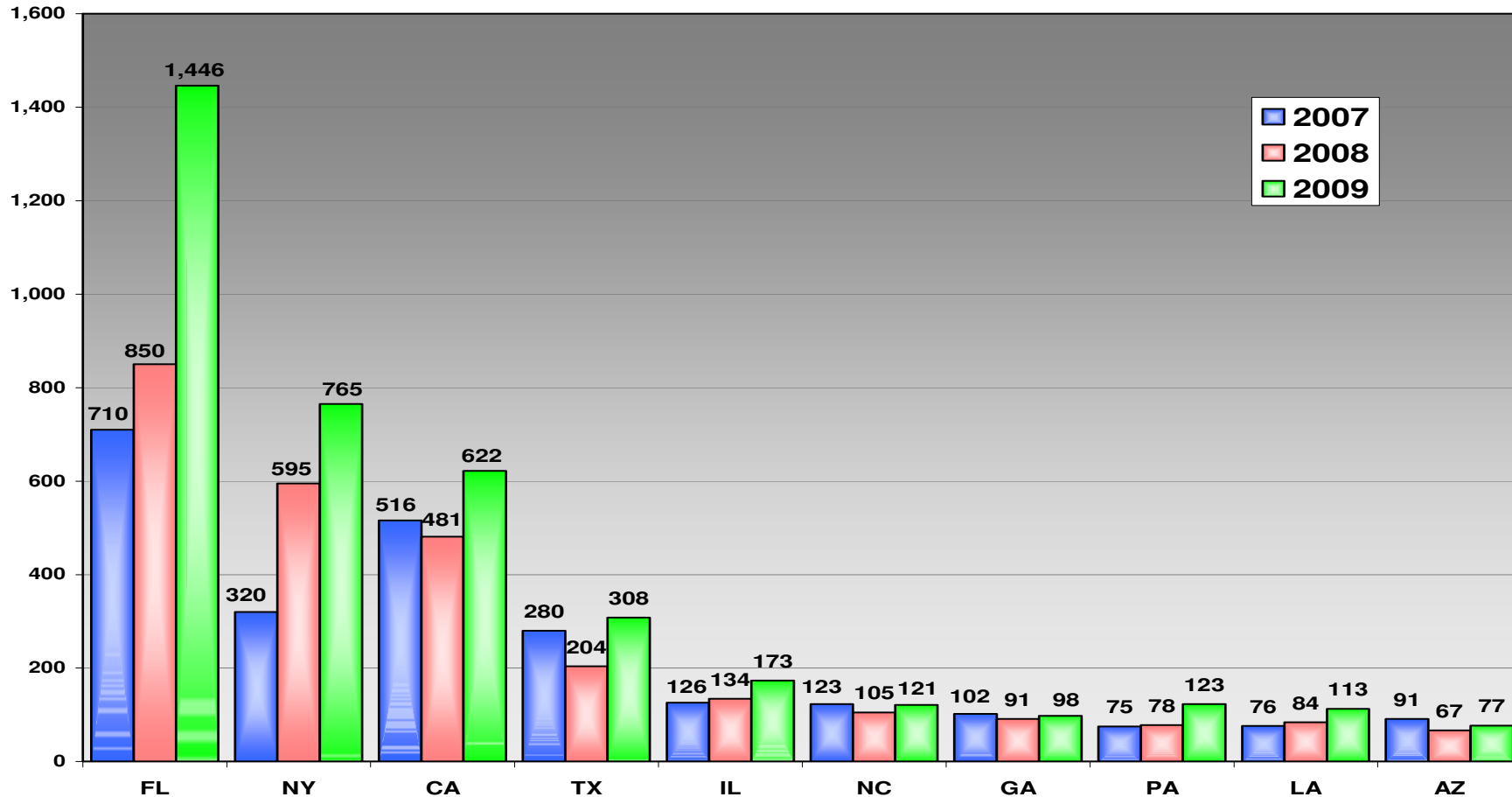
⁴ The 11 Loss States that are bolded in red are No-Fault (or PIP States). This means that a driver's own insurance covers their medical payments no matter who is at fault

Staged/Caused Accident Questionable Claims, Bodily Injury and Personal Injury Protection Claims 2007-2009
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Rank	State	2007	2008	2009	Total 2007-2009
1	FL	710	850	1,446	3,006
2	NY	320	595	765	1,680
3	CA	516	481	622	1,619
4	TX	280	204	308	792
5	IL	126	134	173	433
6	NC	123	105	121	349
7	GA	102	91	98	291
8	PA	75	78	123	276
9	LA	76	84	113	273
10	AZ	91	67	77	235
11	NV	37	50	106	193
12	SC	46	43	80	169
13	OH	53	34	69	156
*14	MA	51	43	42	136
*14	MD	54	39	43	136
16	MN	34	32	52	118
17	NJ	30	34	50	114
18	WA	36	28	46	110
19	VA	54	22	32	108
20	MI	37	25	38	100
21	MO	34	25	40	99
22	KY	20	36	36	92
23	OR	35	25	29	89
24	CO	34	17	30	81
25	WV	24	25	28	77
26	TN	44	20	11	75
27	WI	23	14	24	61
28	IN	18	21	15	54
29	CT	15	10	26	51
30	AL	18	9	20	47
31	NM	14	13	18	45
32	UT	23	8	11	42
*33	MS	13	12	16	41
*33	OK	19	15	7	41
35	AR	12	12	16	40
36	RI	14	7	12	33
37	KS	8	10	8	26
38	IA	8	8	8	24
39	DE	6	3	13	22
40	HI	9	2	5	16
41	DC	5	4	6	15
*42	ID	10	3	0	13
*42	NE	5	3	5	13
44	AK	4	4	2	10
*45	MT	3	2	3	8
*45	ND	2	3	3	8
*47	NH	4	1	1	6
*47	SD	4	0	2	6
49	ME	1	2	2	5
50	VT	2	0	1	3
51	WY	1	0	0	1
	Total States	3,283	3,353	4,802	11,438

2007-2009 Top 10 United States Staged/Caused Accident QCs by Loss State

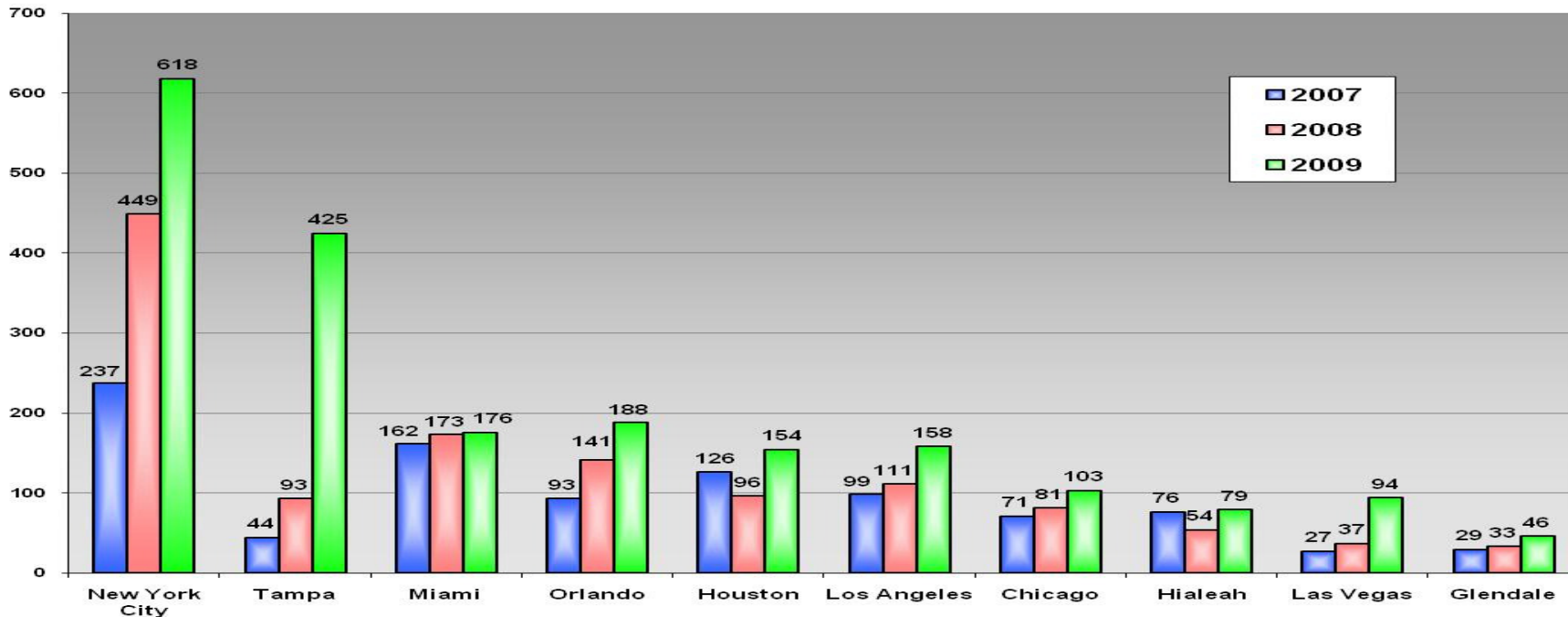
The following graph shows the Top 10 SA QCs by Loss State for 2007 through 2009. All Top 10 Loss States had an increase in the number of SA QCs from 2008 to 2009. Florida was the Top 10 Loss State with the most SA QCs from 2007 through 2009, and also had a 70.1% increase in the number of submitted SA QCs from 2008 to 2009. Texas and Pennsylvania also had significant increases in the number of SA QCs from 2008 and 2009 (51.0% and 57.7% increases respectively). Florida, New York, and Pennsylvania are the Top 10 Loss States that are also No-Fault (or PIP) states.



SECTION 5: United States Staged/Caused Accident QCs by Loss City

The following table and graph show the Top 10 SA QCs by Loss City. The table ranks the cities based on the total number of SA QCs for all years 2007 through 2009 (121 SA QCs submitted in 2009 did not identify a Loss City). New York City, NY was the Loss City with the most SA QCs from 2007 through 2009 with 1,304 SA QCs (11.4% of all SA QCs in that time frame). Tampa had approximately 4.5 times more SA QCs in 2009 than 2008. Eight of the Top 10 Cities had an increase in SA QCs each year from 2007 through 2009, with the exception of Houston, TX and Hialeah, FL. All of the Top 10 Cities had an increase in SA QCs from 2008 to 2009. The Top 10 Loss Cities accounted for 4,273 SA QCs, or 37.4% of the SA QCs from 2007 through 2009. Five of the Top 10 Loss Cities were in No-Fault (or PIP) States New York and Florida.

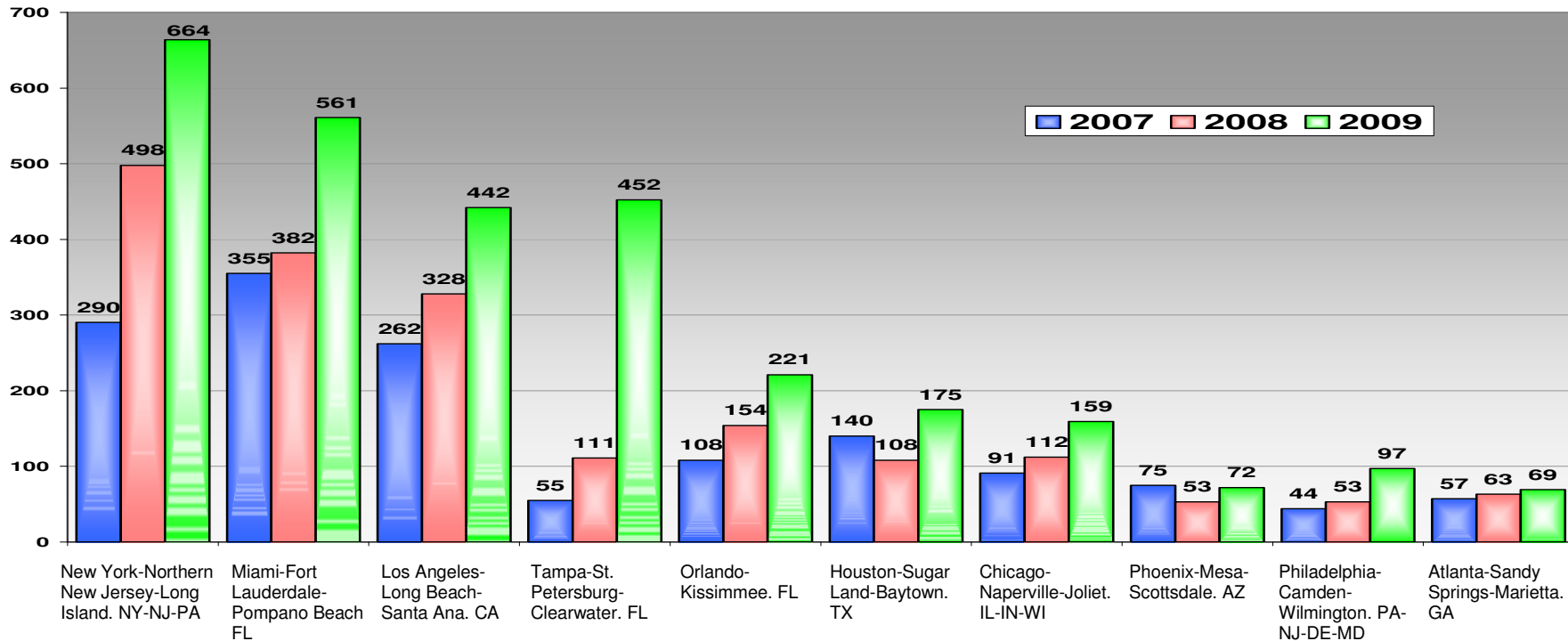
Rank	City, State	2007	2008	2009	Total 2007-2009
1	New York City, NY	237	449	618	1,304
2	Tampa, FL	44	93	425	562
3	Miami, FL	162	173	176	511
4	Orlando, FL	93	141	188	422
5	Houston, TX	126	96	154	376
6	Los Angeles, CA	99	111	158	368
7	Chicago, IL	71	81	103	255
8	Hialeah, FL	76	54	79	209
9	Las Vegas, NV	27	37	94	158
10	Glendale, CA	29	33	46	108



SECTION 6: United States Staged/Caused Accident QCs by CBSA

The following table and graph show the Top 10 SA QCs by CBSA. The table ranks the CBSAs based on the total number of SA QCs for all years 2007 through 2009. The New York-Northern New Jersey-Long Island, NY-NJ-PA CBSA had the most SA QCs in this time frame with 1,452 SA QCs or 12.7% of all SA QCs. The Top 10 CBSAs accounted for 6,251 SA QCs or 54.7% of all SA QCs. Three (3) of the Top 10 CBSAs were in Florida, which is once again heavily represented in the Top 10. Additionally, 5 of the Top 10 CBSAs were in No-Fault (or PIP) states. Tampa-St. Petersburg-Clearwater, FL had approximately four times more SA QCs in 2009 than it had in 2008. Within the 2007 through 2009 SA QCs, 1,130 (9.9%) either listed a Loss City that did not belong to a CBSA, did not list a Loss City, or listed a Loss City that was not included in the CBSA data.

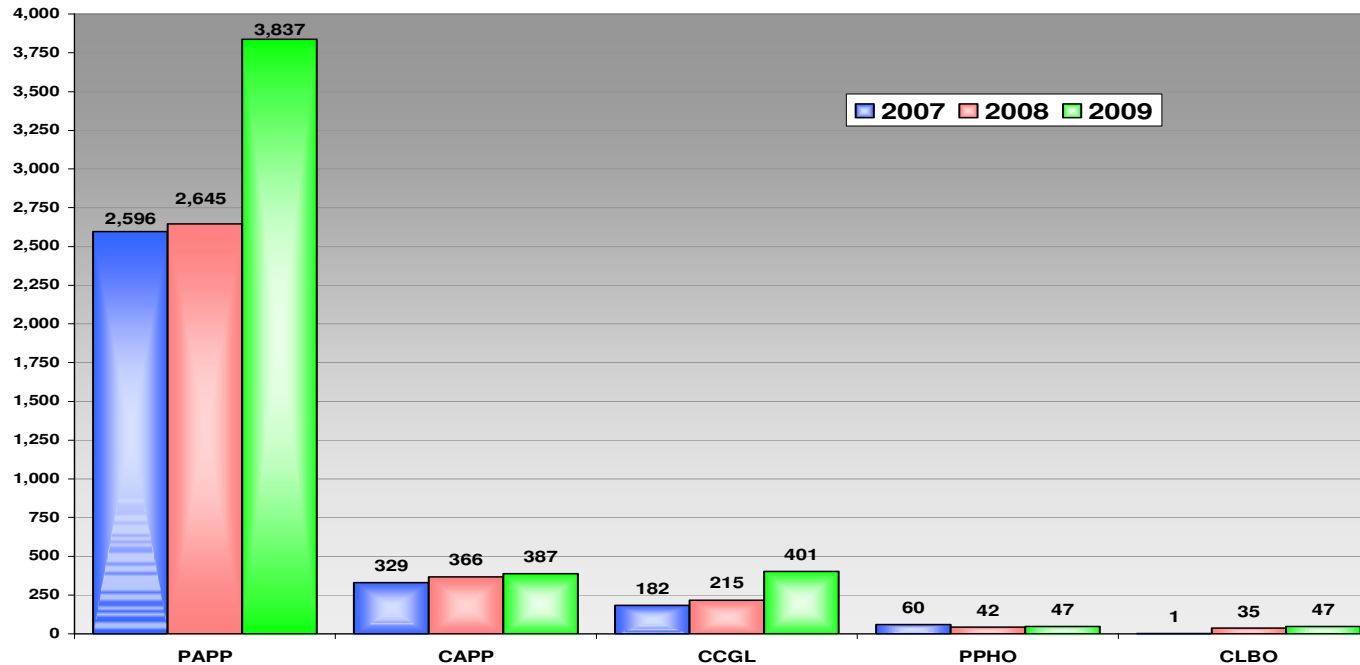
Rank	CBSA	2007	2008	2009	Total 2007-2009
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	290	498	664	1,452
2	Miami-Fort Lauderdale-Pompano Beach, FL	355	382	561	1,298
3	Los Angeles-Long Beach-Santa Ana, CA	262	328	442	1,032
4	Tampa-St. Petersburg-Clearwater, FL	55	111	452	618
5	Orlando-Kissimmee, FL	108	154	221	483
6	Houston-Sugar Land-Baytown, TX	140	108	175	423
7	Chicago-Naperville-Joliet, IL-IN-WI	91	112	159	362
8	Phoenix-Mesa-Scottsdale, AZ	75	53	72	200
9	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	44	53	97	194
10	Atlanta-Sandy Springs-Marietta, GA	57	63	69	189



SECTION 7: United States Staged/Caused Accident QCs by Policy Type

The following table shows the Top 10 SA QCs by Policy Type. The table ranks the policy types based on the total number of SA QCs for all years 2007 through 2009. Personal Auto was the Policy Type with the most SA QCs in this time frame with 9,078 SA QCs or 79.4% of all SA QCs. This means that a participant of a staged/caused accident is most likely to use their own vehicle in the accident. Overall, the Top 10 Policy Types accounted for 11,336 SA QCs, or 99.1% of all SA QCs. The graph below illustrates the Top 5 Policy Types.

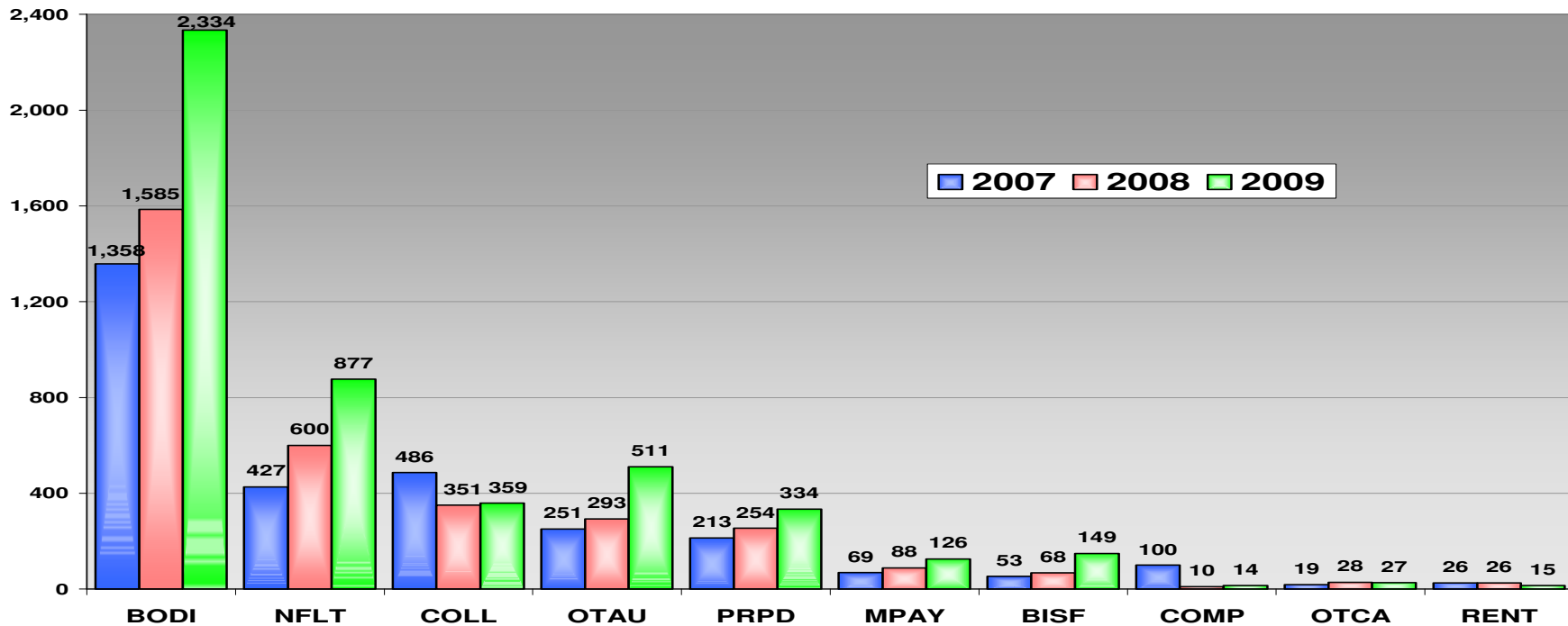
Rank	Policy Type	2007	2008	2009	Total 2007-2009
1	Personal Auto (PAPP)	2,596	2,645	3,837	9,078
2	Commercial Auto (CAPP)	329	366	387	1,082
3	General Liability (CCGL)	182	215	401	798
4	Personal Property Homeowners (PPHO)	60	42	47	149
5	Commercial Business Owners (CLBO)	1	35	47	83
6	Commercial Multi-Peril (CPMP)	19	14	28	61
7	Workers Compensation and Employers Liability (WCEL)	27	3	16	46
8	Other Liability (OLIB)	8	11	16	35
9	Commercial Liability CMP (CLMP)	1	11	14	26
10	Personal Property Mobile Home (PPMH)	8	0	0	8



SECTION 8: United States Staged/Caused Accident QCs by Loss Type

The following table and graph show the Top 10 SA QCs by Loss Type. The table ranks the loss types based on the total number of SA QCs for all years 2007 through 2009. Bodily Injury was the Loss Type with the most SA QCs in that time frame with 5,277 SA QCs or 46.1% of all SA QCs. This means that it can be expected that a participant of a staged/caused accident will claim injury, most likely faked/exaggerated. The Top 10 Loss Types accounted for 11,051 or 96.6% of all SA QCs.

Rank	Loss Type	2007	2008	2009	Total 2007-2009
1	Bodily Injury (BODI)	1,358	1,585	2,334	5,277
2	Personal Injury Protection (NFLT)	427	600	877	1,904
3	Collision (COLL)	486	351	359	1,196
4	Other Auto (OTAU)	251	293	511	1,055
5	Property Damage (PRPD)	213	254	334	801
6	Medical Payments (MPAY)	69	88	126	283
7	Bodily Injury Slip & Fall (BISF)	53	68	149	270
8	Comprehensive (COMP)	100	10	14	124
9	Other (OTCA)	19	28	27	74
10	Rental Reimbursement (RENT)	26	26	15	67



SECTION 9: Conclusions

BI and PIP claims have declined each year from 2007 (1,616,272) through 2009 (1,340,186), or by 17.1%. In contrast, Staged/Caused Accident Questionable Claims increased each year from 2007 (3,283) through 2009 (4,802), or by 46.3%. Therefore, the ratio of Staged/Caused Accident Questionable Claims to overall BI and PIP Claims increased each year from 2007 (20 SA QCs for every 10,000 BI and PIP Claims) through 2009 (36 SA QCs for every 10,000 BI and PIP Claims).

Florida was the Loss State with the most Staged/Caused Accident Questionable Claims from 2007 to 2009 (3,006 or 26.3% of all SA QCs). New York was the Loss State with the second most Staged/Caused Accident Questionable Claims. Florida and New York are both No-Fault (or PIP) states. This means that the driver's own insurance covers their medical payments (up to a certain value) no matter who is at fault. All of the Top 10 Loss States had an increase in the number of Staged/Caused Accident Questionable Claims from 2008 to 2009.

Furthermore, 5 of the Top 10 Loss Cities were in the states of Florida (4) and New York (1). New York City, NY was the Loss City with the most SA QCs from 2007 through 2009 (1,304 or 11.4% of all SA QCs). The Top 10 Loss Cities accounted for 4,273 Staged/Caused Accident Questionable Claims (37.4% of all SA QCs).

The New York-Northern New Jersey-Long Island, NY-NJ-PA CBSA had the most Staged/Caused Accident Questionable Claims from 2007 through 2009 (1,452 or 12.7% of all SA QCs). The Top 10 CBSAs accounted for 6,251 SA QCs or 54.7% of all SA QCs. Five of the Top 10 CBSAs were in No-Fault (or PIP) states.

The Policy Type that accounted for the overwhelming majority of Staged/Caused Accident Questionable Claims was Personal Auto (9,078 or 79.4% of all SA QCs). This implies that most of the staged/caused accidents occur with an individual's own personal use vehicle. Also, Bodily Injury was the Loss Type with the most Staged/Caused Accident Questionable Claims from 2007 to 2009 (5,277 or 46.1%).

Overall, No-Fault (or PIP) states appeared in the following 2007 through 2009 Staged/Caused Accident Questionable Claims Top 10 Lists: Loss State (3: FL, NY, PA), Loss City (5: New York City, NY; Tampa, FL; Miami, FL; Orlando, FL; and Hialeah, FL) and Loss CBSA (5: New York-Northern New Jersey-Long Island, NY-NJ-PA; Miami-Fort Lauderdale-Pompano Beach, FL; Tampa-St. Petersburg-Clearwater, FL; Orlando-Kissimmee, FL; and Philadelphia-Camden-Wilmington, PA-NJ-DE-MD).