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## Maximizing Your Investigation Dollars: How Partnering With Your Investigator Can Realize Significant Savings

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According to FBI statistics, the total cost of insurance fraud in the United States is estimated to be more than \$40 billion a year<sup>1</sup>. One in seven workers can expect to be disabled for five years or more before retirement<sup>2</sup>. The average long-term disability absence from work lasts 2.5 years<sup>3</sup>.

### Introduction

In an effort to help legitimize disability insurance claims, insurers often utilize an investigation vendor as a component of a claim examination. Other components include attending physician statements, face-to-face claimant interviews, independent medical examinations and functional capacity evaluations. The investigation vendor's role is to gather as much information as possible to assist a claims examiner in making an informed claim decision. There are many services provided by an investigation vendor that can assist examiners in claim analysis. Some of the most common include – but are not limited to – activities checks, background investigations, claimant-, witness- or employer interviews, video surveillance, as well as criminal, civil and other records checks. Video surveillance is by far the most often used choice of insurers.

Insurers are now experiencing another challenge. The Social Security Administration has reported a larger spike in new disability claims than predicted. Over the next calendar year, it is estimated there will be 3.3 million new disability claims. The combination of potential fraud, increased claims and challenging economic times has led insurers to reduce costs by using investigation vendors who offer cut rate services. Although this strategy offers short-term cost savings, it often leads to inadequate results which can adversely affect claim analysis. Budget constraints often mean an insurer has one opportunity to use investigation to obtain information relevant to a comprehensive claim analysis and informed claim decision. This is an especially crucial factor when a claim is pending or entering change in definition.

Successful investigation vendors with a proven track record have a solid and loyal client base because they utilize properly compensated and experienced employee investigators who are licensed or registered in the states where they work, and are familiar with all applicable local, state and federal laws and regulations governing field investigation. A vendor protective of its client's interests does not use subcontractors or engage in vendor management; and carries the proper level of liability insurance coverage.

### Smart, Targeted Investigation Begins at Intake

A completed investigation should assist the examiner in making an informed claim decision. A successful partnership between the insurer and investigation vendor includes a number of elements.

Successful investigation entails “smart,” targeted investigation to guarantee that an insurer is optimizing its outlays and meeting its goals. It begins during referral intake when an experienced investigative manager and the claims examiner thoroughly review the file. This ensures the goals of the investigation and the strategy to meet them are understood by the insurer and the vendor.

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During intake, the examiner is providing information that will assist in the investigation such as the claimant's physical description, disability, and restrictions and limitations. Such information greatly improves the field investigator's effectiveness by allowing the investigator to obtain videotape of the affected body part, for example. Copies of the attending physician statement, authorization to release information, employer and employee statements contain helpful information the investigator can use to maximize the likelihood of a productive investigation.

Information from medical notes proves useful when a physician documents a claimant's work-related activities, travel plans or social activities. Information about a claimant's family members can be useful in documenting activities away from the comfort zone of the claimant's neighborhood. School sports venues, for example, offer opportunities to observe the claimant in social settings. Information found by a claims examiner during an online search or during a telephone conversation with a claimant often provides significant investigative leads. Traffic noise or conversations broadcast in the background signal a red flag, particularly when the claimant is reportedly housebound as a result of a disability.

Many persons have abandoned landlines in favor of cellular telephones. The New York Times reported that a Forrester Research study determined three-quarters of American households have cellular telephones<sup>4</sup>. Examiners should make it known to the vendor when the claimant does not answer at particular times of the day, consistently returns calls after business hours, or hears traffic noise during conversations with the claimant. This allows the manager to schedule surveillance or an activities check at times that offer the greatest chance of documenting the claimant's activity. It is also common practice for persons to screen their calls; so it is important to remember this is not necessarily indicative of fraud or deception.

### When Utilizing Video Surveillance

Video surveillance is the investigative option of choice in most referrals; but it is also the most costly option. Mental/nervous disorder claims account for one-third of total LTD claims dollars<sup>5</sup>. An eight-hour surveillance day ranges between \$550 and \$750; but frequently a mental/nervous claim does not lend itself to productive video surveillance. An activity check, background investigation or face-to-face visit are cost effective means of determining if surveillance is warranted – often at a fraction of the cost. Surveillance will not necessarily document evidence of a home-based business, for example. A background investigation should provide a broad based view of the claimant and their activities, especially given the wide use of social networking sites and the pervasiveness of the Internet. The results could minimize or eliminate the need for surveillance. This would realize a significant cost reduction and allow the insurer to invest those savings in another component of the claim examination.

On the other hand, conducting an activities check or background investigation often provides the examiner with information which allows the examiner to assign video surveillance secure in the knowledge it is merited by the circumstances. Such preliminary investigation provides the field investigator a better understanding of the claimant's activities and increases the odds of productive video surveillance.

The investigation vendor should take advantage of technological advances which allow for unobtrusive video surveillance inside public buildings such as grocery stores and home improvement centers. The insurer should not be satisfied with videotape documenting the claimant entering and exiting such a building – especially since the activities inside are often at odds with the reported restrictions and limitations.

### Insurer-Vendor Communication is Key

It is the vendor's responsibility to provide the claims examiner with timely updates to ensure the investigation is meeting its goals. Updates allow the examiner to address issues in real time. Open lines of communication provide the examiner an opportunity to alter the direction of the investigation, monitor costs and explore other avenues of inquiry. A critical contributor to this relationship is an experienced vendor management staff dedicated to close supervision and support of its field agents.

### Reporting

The vendor's work product must be clear, concise and factual. Supervision by an experienced management staff which oversees proofing and quality control is essential to providing the claims examiner with information that contributes to an informed claims decision. Information that is presented in a vague, disjointed or inaccurate fashion will not pass muster by the claims examiner,

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manager or legal department. Such reporting can result in a critical waste of claim dollars and –more important – cast doubt on the accuracy of the information, credibility of the vendor and competency of the insurer.

A true partnership between the insurer and investigation vendor will realize significant cost savings, a judicious use of claim dollars, and work product which allows the claims examiner to make an informed claim decision. Communication between the insurer and the vendor is essential to develop an investigation strategy that targets those components which maximize the likelihood of a productive investigation – at lower cost and less risk. ■

### Endnotes

2 “Commissioners Disability Table, 1998,” Health Insurance Association of America, the New York Times, February 2000.

3 Commissioner’s Individual Disability Table A

4 [www.nytimes.com/2009/09/02/technology/02survey.html](http://www.nytimes.com/2009/09/02/technology/02survey.html)

5 ElderCare Publishing of Newton, MA, 2005

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**Claims Bureau USA** - Since 1956, Claims Bureau USA has been providing insurers professional, cost effective and timely investigation which assists them in making informed claims decisions. Claims Bureau USA is a full service, nationwide company, offering in-depth investigations for all lines of insurance. Our services are offered 24 hours a day, seven days a week, including coverage in Puerto Rico. We are licensed, bonded and fully insured. Claims Bureau USA backs every investigation with a customer service ethic that is second to none. Our quality control process begins at referral intake. We ensure that all referral objectives are clearly defined before assignment to a field investigator. Investigations are closely monitored by a manager with years of experience to ensure the field staff are meeting all assigned criteria. Our work product is a reflection of our fifty-plus years of industry experience. Our high standards ensure that every investigator complies with our clients’ policies and procedures.

Our thorough and targeted investigation provides insight into a claimant’s activities - and often uncovers information which contributes to a successful claim decision. Our surveillance is creative, flexible and dynamic. Our dedicated staff of experienced professionals conduct every investigation expeditiously, diligently and with integrity. Our efforts consistently surpass industry standards. Claims Bureau USA has grown steadily and offers local rates on a nationwide level. Our growth has been fueled by client referrals and unparalleled customer service. All investigations are conducted by licensed company employees who are knowledgeable of applicable laws and requirements. Claims Bureau USA does not utilize subcontractors, or function as a vendor management company.

**Chuck Angiolillo’s bio** - Charles Angiolillo has been employed with Claims Bureau USA since October 2002. He is a graduate of Westfield State College with a Bachelor of Science degree in criminal justice. He currently serves as the Membership Chairperson for the New England Claim Association and is a Disability Committee member with the International Claim Association. Charles has a proven track record. He began his career at Claims Bureau USA as a field investigator. Through hard work and consistent results, he was quickly promoted from the field and served as National Operations Manager, overseeing all of our national investigators. Displaying success at this level, he was promoted to National Accounts Manager, where he began working with all of the life and health companies that Claims Bureau USA serves today. He has been an integral factor in the growth of Claims Bureau USA and as a result, he was again promoted to National Accounts and Field Services Director. He is dedicated to supplying his clients with exceptional customer service while making sure that Claims Bureau USA’s standards are consistently met and reflected in their product.

**Ken White’s bio** - Ken White is a Boston native who graduated with a Bachelor of Science degree in criminal justice from Northeastern University in Boston. Ken is a licensed private detective in Massachusetts. He has worked in the private sector as an investigator since 1985. Ken has worked both for plaintiffs’ attorneys and insurers of every type, including auto, life & health, worker’s compensation and disability. He has been with Claims Bureau USA since 2001. He is currently Director of Investigations.



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