



ALAN WILSON
ATTORNEY GENERAL

A MESSAGE FROM THE ATTORNEY GENERAL

I am proud to present the 2014 annual report of the South Carolina Insurance Fraud Division to the General Assembly. My office continues to fight insurance fraud by prosecuting these cases in court and raising awareness of the problem in communities across our state.

The prosecutors in the Insurance Fraud Division and the Special Assistant Attorneys General employed by the Department of Employment and Workforce (and authorized by our office) worked diligently in prosecuting these cases. In 2014, these prosecutors secured 52 fraud convictions- an increase of over 40% from the previous year. Defendants were ordered to pay more than \$294,000 in restitution to the victims.

During 2014, my office received 1,571 complaints regarding insurance fraud- an increase of more than 27% since 2013. The number of complaints is an all-time high, and we must continue to be vigilant in our prosecution of these cases. The cases were divided as follows: Automobile 75% (1,175), Personal/ Commercial Property 14% (226), Workers' Compensation 5% (84), Health/ Medical 2% (26), Premium 2% (24), Disability 1% (20), and Life Insurance 1% (16). We continue to work with the Department of Employment and Workforce in responding to the Unemployment Fraud Complaints representing more than 33% of the convictions in South Carolina this year.

My office continues to bring the perpetrators of insurance fraud to justice. We strive to assist the victims of fraud by requesting our courts order restitution be paid to them. I am proud of our accomplishments in 2014 and am looking forward to moving forward in 2015. Our office has prepared and prosecuted the cases with only two investigators assigned from SLED to handle the entire state's investigations.

Insurance Fraud drains our system and raises premiums for our citizens. We are grateful that this year four additional SLED Insurance Fraud investigators were authorized in the House version of the budget and are hopeful for Senate approval. Next year we will be asking the General Assembly to send a clear message that insurance fraud is not tolerated in South Carolina by passing needed legislation to address this growing epidemic in our state.

Sincerely,

Alan Wilson



ALAN WILSON
ATTORNEY GENERAL

MESSAGE FROM THE ATTORNEY GENERAL'S INSURANCE FRAUD DIVISION

Insurance Fraud is a problem in our state that continues to grow bigger every year. The real victims of this crime are all the citizens of our state who pay higher premiums as a result of this criminal activity. The number of complaints received in 2014 is at an all-time high at 1,571- an increase of over 27% from the previous year. Adding in the 530 complaints sent in for information only, it becomes obvious that insurance fraud is spreading rapidly in South Carolina. We must dedicate resources to address this problem and to protect the citizens and economy of our state.

The Insurance Fraud Division was established with legislation passed on July 1, 1994. The Omnibus Insurance Fraud and Reporting Immunity Act mandated the prosecution of insurance fraud cases by our division with investigations conducted by the South Carolina Law Enforcement Division (SLED). There are currently two SLED investigators dedicated to the investigation of insurance fraud for the entire state. The Insurance Fraud Division receives referrals from the Department of Insurance, the South Carolina Worker's Compensation Commission, the Department of Employment and Workforce, insurance companies, private citizens, law enforcement agencies, as well as attorneys and private law firms throughout the state of South Carolina.

Despite limited resources, our division remains dedicated to addressing this problem with 52 convictions in 2014. This represents an increase of over 40% from the previous year. We thank all of the private citizens, insurance professionals and those in law enforcement who reported cases to us in 2014. We also thank those in the insurance industry who investigate these cases because their participation and cooperation makes our fight against insurance fraud possible.

We would also like to thank the South Carolina Insurance Fraud Investigators (SCI-FI), the National Insurance Crime Bureau (NICB), the Coalition Against Insurance Fraud, and the South Carolina Insurance News Service for working with our office and for their help in raising awareness of the problem of insurance fraud.

2014 Highlights

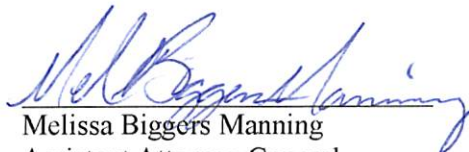
State v. Michael Cousar – Michael Cousar hurt his back in 2010 and was receiving worker's compensation. He claimed to be in severe pain and unable to work. Surveillance showed the defendant moving to a new residence and easily lifting several large pieces of furniture out of a pickup truck and up a staircase by himself, including a large dresser full of clothes, a mattress, and a bookshelf. Earlier that same day he had been seen by his doctor at which time he walked with a cane, claimed to be in severe pain, and claimed to be unable to lift anything heavier than a gallon of water. The defendant pled guilty on April 24, 2014 in York County to Making a False Statement or Misrepresentation. He received 5 years probation with \$13,000 in restitution.

State v. Darlene Pritchett – Darlene Pritchett presented a claim to Esurance Insurance Company for over \$12,000 after she reported her 2006 Lincoln Zephyr engulfed in flames while located in her driveway. Investigation showed the vehicle was locked with Ms. Pritchett having the only set of keys. A towel soaked in lighter fluid was found in the back floorboard. Ms. Pritchett was in financial distress at the time. The defendant pled guilty in Richland County on October 3, 2011 to Presenting a False Claim for Payment and Aggravated Breach of Peace. She received four years suspended to Time served and 9 months probation.

State v. Paula Rose - Paula Rose called 911 on July 27, 2012 and calmly reported that 3 men were in her garage attempting to break into a safe. She then stated that her house was on fire. Upon arrival police and firefighters found a small fire that had burned itself out on the front porch and a larger fire burning on the back porch that spread into the house. Allstate insurance company paid over \$300,000 for the insurance claim. Greenville County Sheriff's Office investigators determined that the alleged burglary had been staged and that Paula Rose had set fire to the front and back porches. Paula Rose was charged with Making False Ins. Claim to Obtain Benefits for Fire Loss, Burning Personal Property to Defraud Insurer, Filing a False Police Report, and Arson 3rd Degree. She was found guilty and sentenced to 5 years of Home Incarceration. At a later hearing a different judge denied restitution to Allstate insurance company.

State v. Michael Robinson and William Sullivan – Michael Robinson and William Sullivan purposely crashed two vehicles into each other to present a false claim to IAT Group. Michael Robinson knowingly endangered his 3 year old son by having him in the vehicle during the crash. The collision was a higher impact than intended, and everyone had to go to the Emergency Room as a result. On November 14, 2014, the defendants pled guilty to Presenting a False Claim for Payment in Anderson County and were sentenced to 5 years probation.

Looking forward to 2015, our Insurance Fraud Division will continue to address insurance fraud in our state. Additional investigators, as well as our proposed Insurance Fraud legislation for 2016, would have a great impact on our ability to successfully combat this growing criminal enterprise.


Melissa Biggers Manning
Assistant Attorney General
Director of Insurance Fraud

THE REPORT OF THE

STATE OF SOUTH CAROLINA OFFICE OF THE ATTORNEY GENERAL

ALAN WILSON

INSURANCE FRAUD DIVISION

2014 ANNUAL REPORT



March 2014

CUMULATIVE STATISTICS OF THE INSURANCE FRAUD DIVISION 1995 - 2014

TOTAL COMPLAINTS RECEIVED	15,521
TOTAL FILES OPENED	6,735
CRIMINAL CONVICTIONS	1446
CIVIL REMEDIES	780

Type of Fraud	Amount Reported
Personal/Commercial Property	\$27,464,379.03
Life Insurance	\$20,057,817.72
Automobile Insurance	\$15,386,973.32
Health/Medical	\$11,678,907.72
Workers' Compensation	\$9,968,696.11
Premium	\$9,712,725.88
Disability	\$7,673,113.06
Other	\$6,832,893.94
Unemployment	\$3,281,372.39
TOTAL	\$196,649,379.31

Types of Monies Collected	Amount Ordered
Criminal Restitution	\$6,161,621.67
Civil Penalties	\$1,653,419.21
Civil Restitution	\$1,282,405.07
Criminal Fines	\$381,953.73
Total	\$12,797,177.69

SUMMARY
Status of Cases – 2014

MONIES ORDERED AND/OR COLLECTED IN 2014
Criminal Penalties, Civil Penalties, Fines and Restitution

The following tables indicate the amounts of fines, penalties, restitution and attorneys' fees that have been ordered paid by the Courts or by a Memorandum of Understanding.

Monies Ordered and/or Collected Pursuant to Court Order

CRIMINAL	AMOUNT
Court Ordered Fines	\$1,950.00
Restitution Ordered	\$215,400.36
TOTAL	<u>\$217,350.36</u>

Monies Ordered and/or Collected Pursuant to Civil Disposition

CIVIL	AMOUNT
Fines Ordered	\$36,286.00
Fines Collected	\$36,286.00
Restitution Ordered	\$79,503.00
Restitution Collected	\$79,503.00
TOTAL ORDERED	<u>\$115,789.00</u>
TOTAL COLLECTED	<u>\$115,789.00</u>

SUMMARY
Status of Cases – 2014

Complaints

Complaints Carried Forward from 2013	83
Complaints Received in 2014	1571
Information Only Referrals in 2014	530
Complaints Referred to other Agencies	29
Complaints Unfounded or Declined	1400
Files Opened 2014	65
Complaints Carried Forward to 2015	50

Open Files

Files Opened in 2014	65
Open Files Disposed of 2014	117
Open Files on December 31, 2014	235
Open Files awaiting investigation as of 12/31/14	80

Disposition

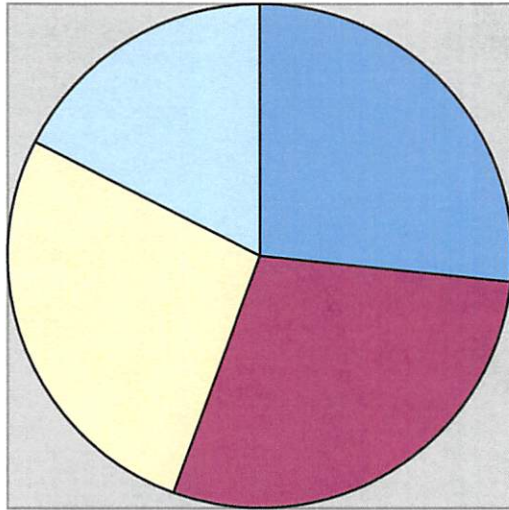
2014 Convictions	52
2014 Civil Remedies	10

On the Docket

Indicted Cases as of December 31, 2014	20
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BREAKDOWN OF CASES BY REGION

During 2014, the Insurance Fraud Division of the Attorney General's office opened 65 cases. As the chart below indicates, these cases were received from all areas of the state:



■ Pee Dee	29%
■ Midlands	28%
■ Piedmont	26%
■ Low Country	17%

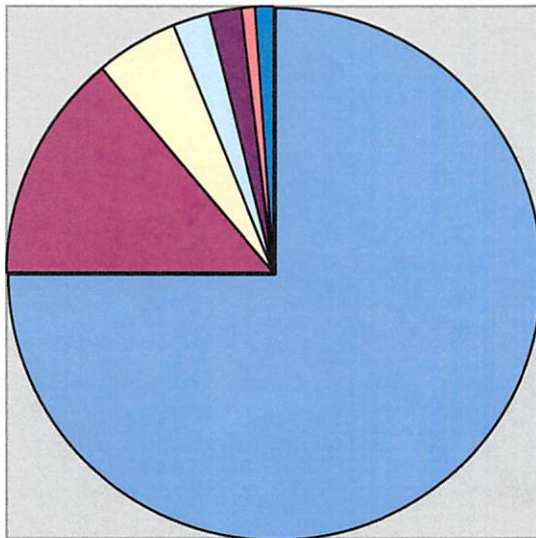
REGION	NUMBER OF CASES	PERCENT OF TOTAL
Pee Dee	19	29%
Midlands	18	28%
Piedmont	17	26%
Low Country	11	17%
TOTAL	65	100%

BREAKDOWN OF COMPLAINTS RECEIVED BY TYPE

The fraud complaints received during 2014 by the Insurance Fraud Division consisted of the following types of fraud:

Type of Fraud	Number of Complaints	Percentage of Total	Amount Reported
Automobile	1175	75%	\$875,321.34
Personal/Commercial Property	226	14%	\$1,145,703.40
Workers' Compensation	84	5%	\$414,129.09
Health/Medical	26	2%	\$23,224.39
Premium	24	2%	\$147,427.79
Disability	20	1%	\$332,894.88
Life Insurance	16	1%	\$206,500.00
TOTAL	1571	100%	\$3,145,200.89

Breakdown of Complaints by Type of Fraud – 2014



- Auto 75%
- Personal/Commercial 14%
- Workers' Comp 5%
- Health/Medical 2%
- Premium 2%
- Disability 1%
- Life Insurance 1%

BREAKDOWN OF COMPLAINTS BY COUNTY

Note: Tables may show cases reported with no corresponding dollar amounts. In these cases, no dollar amount could be determined at the time the complaint was received, or the claim had been withdrawn or denied.

ABBEVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	3	0	0
Personal/Commercial Property	3	\$15,225.00	1
Workers' Comp	1	0	0
TOTAL	7	\$15,225.00	1

AIKEN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	25	\$3,908.98	0
Life Insurance	2	\$45,000.00	0
Personal/Commercial Property	8	\$10,254.47	1
Workers' Comp	5	\$5,000.00	1
TOTAL	41	\$64,913.45	2

ALLENDALE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	2	0	0
TOTAL	2	0	0

ANDERSON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	27	\$4,477.43	0
Disability	1	\$142,048.00	0
Life Insurance	2	\$25,000.00	0
Personal/Commercial Property	10	\$71,271.23	1
Workers' Comp	4	\$35,773.66	1
TOTAL	44	\$278,570.32	2

BAMBERG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	7	\$3,175.00	0
Personal/Commercial Property	2	0	0
Workers' Comp	1	0	0
TOTAL	10	\$3,175.00	0

BARNWELL COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	11	\$6,800.00	1
Personal/Commercial Property	1	0	0
TOTAL	12	\$6,800.00	1

BEAUFORT COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	26	\$27,425.20	1
Workers' Comp	4	\$115,891.99	0
TOTAL	30	\$143,317.19	1

BERKELEY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	26	\$7,038.00	0
Disability	1	\$29,535.42	0
Health/Medical	1	0	0
Personal/Commercial Property	3	0	0
Premium Fraud	1	0	0
Workers' Comp	3	\$65,981.77	0
TOTAL	35	\$102,555.19	0

CALHOUN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	4	0	0
Personal/Commercial Property	1	0	0
TOTAL	5	0	0

CHARLESTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	73	\$114,997.11	3
Disability	2	\$26,797.00	0
Health/Medical	4	\$13,635.37	0
Life Insurance	1	0	0
Personal/Commercial Property	15	\$40,000.00	0
Premium Fraud	2	0	0
Workers' Comp	12	\$60,770.46	0
Total	109	\$256,199.94	3

CHEROKEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	7	0	0
Personal/Commercial Property	4	0	0
Workers' Comp	2	\$1,842.00	0
Total	13	\$1,842.00	0

CHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	25	0	0
Disability	2	\$43,133.77	1
Health/Medical	2	0	0
Life Insurance	1	0	0
TOTAL	30	\$43,133.77	1

CHESTERFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	8	0	0
Disability	1	\$10,882.14	0
Personal/Commercial Property	2	0	0
TOTAL	11	\$10,882.14	0

CLARENDON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	7	\$7,608.12	0
Health/Medical	1	0	0
Personal/Commercial Property	2	\$45,000.00	0
Total	10	\$52,608.12	0

COLLETON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	19	\$6,888.00	0
Premium Fraud	1	\$4,500.00	0
TOTAL	20	\$11,388.00	0

DARLINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	15	\$27,285.77	0
Life Insurance	1	\$30,000.00	0
Personal/Commercial Property	2	\$27,008.01	0
Workers' Comp	1	0	0
Total	19	\$84,293.78	0

DILLON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	13	0	0
Disability	1	0	0
Life Insurance	1	\$1,500.00	0
Premium Fraud	1	0	0
TOTAL	16	\$1,500.00	0

DORCHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	33	\$4,018.40	0
Life Insurance	1	\$100,000.00	0
Personal/Commercial Property	2	0	0
Workers' Comp	3	0	2
TOTAL	40	\$104,018.40	2

EDGEFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	1	0	0
Personal/Commercial Property	4	0	0
TOTAL	5	0	0

FAIRFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	20	\$1,290.73	0
Personal/Commercial Property	5	\$3,984.00	0
Workers' Comp	1	0	0
TOTAL	26	\$5,274.73	0

FLORENCE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	74	\$93,853.84	3
Disability	1	0	0
Personal/Commercial Property	8	\$281,751.92	0
Workers' Comp	3	0	0
TOTAL	86	\$375,605.76	0

GEORGETOWN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	10	0	0
Personal/Commmercial Property	2	0	0
Premium Fraud	2	\$34,356.67	0
Workers' Comp	1	0	0
TOTAL	15	\$34,356.67	0

GREENVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	95	\$80,235.26	3
Disability	3	\$41,594.55	0
Health/Medical	3	0	0
Life Insurance	1	0	0
Personal/Commercial Property	13	\$24,768.36	1
Premium Fraud	3	0	0
Workers' Comp	5	\$25,000.00	0
TOTAL	123	\$171,598.17	4

GREENWOOD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	30	\$15,460.00	0
Life Insurance	1	\$5,000.00	0
Personal/Commercial Property	4	0	0
TOTAL	35	\$20,460.00	0

HAMPTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	13	0	0
Personal/Commercial Property	3	0	0
Workers' Comp	1	0	0
TOTAL	17	0	0

HORRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	60	\$91,283.00	1
Personal/Commercial Property	6	\$5,300.00	0
Premium Fraud	2	0	0
Workers' Comp	5	0	0
TOTAL	73	\$96,583.00	1

JASPER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	14	\$2,422.93	0
Personal/Commercial Property	2	0	0
Workers' Comp	1	0	0
TOTAL	17	\$2,422.93	0

KERSHAW COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	9	0	1
Disability	1	0	0
Personal/Commercial Property	3	\$14,315.00	0
TOTAL	13	\$14,315.00	1

LANCASTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	19	\$14,315.00	2
Personal/Commercial Property	6	0	0
Workers' Comp	1	0	0
TOTAL	26	\$14,315.00	2

LAURENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	15	\$19,612.85	1
Disability	1	0	0
Personal/Commercial Property	1	0	0
Workers' Comp	2	0	0
TOTAL	19	\$19,612.85	1

LEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	7	0	0
Personal/Commercial Property	2	0	0
TOTAL	9	0	0

LEXINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	46	\$57,940.82	1
Disability	1	0	0
Health/Medical	2	\$8,416.00	0
Life Insurance	2	0	0
Personal/Commercial Property	12	\$138,500.00	1
Premium Fraud	3	\$24,874.00	0
Workers' Comp	6	0	0
TOTAL	72	\$229,730.82	1

MARION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	23	\$17,706.30	0
Health/Medical	1	0	0
Personal/Commercial Property	2	\$3,429.00	1
Workers' Comp	1	0	0
TOTAL	27	\$21,135.30	1

MARLBORO COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	5	\$3,696.22	1
Workers' Comp	1	\$80,241.84	1
TOTAL	6	\$83,938.06	2

McCORMICK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	2	\$1,134.05	0
TOTAL	2	\$1,134.05	0

NEWBERRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	14	\$8,476.55	1
Personal/Commercial Property	1	0	0
Workers' Comp	2	0	0
TOTAL	17	\$8,476.55	1

OCONEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	2	0	0
Health/Medical	1	0	0
Personal/Commercial Property	4	\$15,787.00	0
Workers' Comp	1	0	0
TOTAL	8	\$15,787.00	0

ORANGEBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	45	\$8,581.84	0
Life Insurance	1	0	0
Personal/Commercial Property	6	\$21,902.50	0
TOTAL	52	\$30,484.34	0

PICKENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	5	\$10,068.97	1
Health/Medical	1	0	0
Personal/Commercial Property	6	\$6,350.00	1
Workers' Comp	4	0	1
TOTAL	16	\$16,418.97	3

RICHLAND COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	156	\$93,385.79	5
Disability	2	0	0
Health/Medical	3	\$1,173.02	0
Life Insurance	2	0	0
Personal/Commercial Property	34	\$158,936.42	1
Premium Fraud	4	\$82,124.12	0
Workers' Comp	3	0	0
TOTAL	204	\$335,619.35	6

SALUDA COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	2	0	0
Personal/Commercial Property	1	0	0
TOTAL	3	0	0

SPARTANBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	33	\$14,112.94	0
Health/Medical	3	0	0
Personal/Commercial Property	18	\$28,623.86	0
Workers' Comp	2	0	0
TOTAL	56	\$42,736.80	0

SUMTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	52	\$45,494.30	3
Personal/Commercial Property	7	0	0
Premium Fraud	1	\$823.00	0
Workers' Comp	3	0	0
TOTAL	63	\$46,317.30	3

UNION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	8	\$3,612.07	1
Personal/Commercial Property	3	\$5,816.10	0
TOTAL	11	\$9,428.17	1

WILLIAMSBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	14	\$3,670.02	0
Personal/Commercial Property	3	\$9,390.27	0
Workers' Comp	2	\$1,769.00	1
Total	19	\$14,829.29	1

YORK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	63	\$69,347.61	5
Disability	3	\$38,904.00	0
Health/Medical	3	0	0
Personal/Commercial Property	14	\$3,090.26	0
Workers' Comp	2	\$21,858.37	0
TOTAL	85	\$133,200.24	5

UNKNOWN/OTHER/OUT OF STATE

Type of Fraud	Number of Complaints	Total Amount Reported	2014 Complaints Pending
Automobile	8	\$3,547.24	0
Health/Medical	1	0	0
Personal/Commercial Property	1	\$215,000.00	0
Premium Fraud	1	0	0
Workers' Comp	1	0	0
TOTAL	12	\$218,547.24	0

SELECTED STATUTES FROM THE SOUTH CAROLINA CODE OF LAWS PERTAINING TO THE INVESTIGATION AND PROSECUTION OF INSURANCE FRAUD and GLASS COUPONING

§ 38-55-530. Definitions.

As used in this article:

(A) "Authorized agency" means any duly constituted criminal investigative department or agency of the United States or of this State; the Department of Insurance; the Department of Revenue; the Department of Public Safety; the Workers' Compensation Commission; the State Accident Fund; the Second Injury Fund; the Employment Security Commission; the Department of Consumer Affairs; the Human Affairs Commission; the Department of Health and Environmental Control; the Department of Social Services; the Department of Health and Human Services; the Department of Labor, Licensing and Regulation; all other state boards, commissions, and agencies; the Office of the Attorney General of South Carolina; or the prosecuting attorney of any judicial circuit, county, municipality, or political subdivision of this State or of the United States, and their respective employees or personnel acting in their official capacity.

(B) "Insurer" shall have the meaning set forth in Section 38-1-20(25) and includes any authorized insurer, self-insurer, reinsurer, broker, producer, or any agent thereof.

(C) "Person" means any natural person, company, corporation, unincorporated association, partnership, professional corporation, or other legal entity and includes any applicant, policyholder, claimant, medical providers, vocational rehabilitation provider, attorney, agent, insurer, fund, or advisory organization.

(D) "False statement and misrepresentation" means a statement or representation made by a person that is false, material, made with the person's knowledge of the falsity of the statement, and made with the intent of obtaining or causing another to obtain or attempting to obtain or causing another to obtain an undeserved economic advantage or benefit or made with the intent to deny or cause another to deny any benefit or payment in connection with an insurance transaction and such shall constitute fraud.

§ 38-55-540. Criminal penalties for making false statement or misrepresentation, or assisting, abetting, soliciting or conspiring to do so; restitution to victims.

(A) A person who knowingly makes a false statement or misrepresentation, and any other person knowingly, with an intent to injure, defraud, or deceive, or who assists, abets, solicits, or conspires with a person to make a false statement or misrepresentation, is guilty of a:

- (1) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is less than one thousand dollars. Upon conviction, the person must be fined not less than one hundred nor more than five hundred dollars or imprisoned not more than thirty days;
- (2) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is one thousand dollars or more but less than ten thousand dollars. Upon conviction, the person must be fined not less than two thousand nor more than ten thousand dollars or imprisoned not more than three years, or both;
- (3) felony, for a first offense violation, if the amount of the economic advantage or benefit received is ten thousand dollars or more but less than fifty thousand dollars. Upon conviction, the person must be fined not less than ten thousand nor more than fifty thousand dollars or imprisoned not more than five years, or both;
- (4) felony, for a first offense violation, if the amount of the economic advantage or benefit received is fifty thousand dollars or more. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both;
- (5) felony, for a second or subsequent violation, regardless of the amount of the economic advantage or benefit received. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both.

(B) In addition to the criminal penalties set forth in subsection (A), a person convicted pursuant to the provisions of this section must be ordered by the court to make full restitution to a victim for any economic advantage or benefit which has been obtained by the person as a result of that violation, and to pay the difference between any taxes owed and any taxes the person paid, if applicable."

SECTION 38-55-170. Presenting false claims for payment.

A person who knowingly causes to be presented a false claim for payment to an insurer transacting business in this State, to a health maintenance organization transacting business in this State, or to any person, including the State of South Carolina, providing benefits for health care in this State, whether these benefits are administered directly or through a third person, or who knowingly assists, solicits, or conspires with another to present a false claim for payment as described above, is guilty of a:

- (1) felony if the amount of the claim is ten thousand dollars or more. Upon conviction, the person must be imprisoned not more than ten years or fined not more than five thousand dollars, or both;
- (2) felony if the amount of the claim is more than two thousand dollars but less than ten thousand dollars. Upon conviction, the person must be fined in the discretion of the court or imprisoned not more than five years, or both;
- (3) misdemeanor triable in magistrates court or municipal court, notwithstanding the provisions of Sections 22-3-540, 22-3-545, 22-3-550, and 14-25-65, if the amount of the claim is two thousand dollars or less. Upon conviction, the person must be fined not more than one thousand dollars, or imprisoned not more than thirty days, or both.

§ 38-55-550. Civil penalties for violations of article; costs; payment; use of revenues; Attorney General to assist Insurance Fraud Division; consent agreements.

(A) In addition to any criminal liability, any person who is found by a court of competent jurisdiction to have violated any provision of this article, including Section 38-55-170, is subject to a civil penalty for each violation as follows:

- (1) for a first offense, a fine not to exceed five thousand dollars;
- (2) for a second offense, a fine of not less than five thousand dollars but not to exceed ten thousand dollars;
- (3) for a third and subsequent offense, a fine of not less than ten thousand dollars but not to exceed fifteen thousand dollars.

(B) The civil penalty must be paid to the director of the Insurance Fraud Division to be used in accordance with subsection (D) of this section. The court may also award court costs and reasonable attorneys' fees to the director. When requested by the director, the Attorney General may assign one or more deputies attorneys general to assist the bureau in any civil court proceedings against the person.

(C) Nothing in subsections (A) and (B) shall be construed to prohibit the director of the Insurance Fraud Division and the person alleged to be guilty of a violation of this article from entering into a written agreement in which the person does not admit or deny the charges but consents to payment of the civil penalty. A consent agreement may not be used in a subsequent civil or criminal proceeding relating to any violation of this article.

(D) All revenues from the civil penalties imposed pursuant to this section must be used to provide funds for the costs of enforcing and administering the provisions of this article.

§ 39-5-170. Vehicle glass repair business; unlawful practices.

It is an unfair trade practice and unlawful for a person who is acting on behalf of or engaged in a vehicle glass repair business to offer or make a payment or transfer money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

§ 38-55-173. Unlawful vehicle glass repair business practices; penalties.

(A) A person who is acting on behalf of or engaged in a vehicle glass repair business is guilty of a misdemeanor if the person offers or makes a payment or transfer of money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

(B) If the amount of the payment or transfer of subsection (A) has a value of:

- (1) one thousand dollars or more, the person, upon conviction, must be fined in the discretion of the court or imprisoned for not more than three years, or both, per violation; or
- (2) less than one thousand dollars, the person, upon conviction, must be fined not more than five hundred dollars or imprisoned for not more than thirty days, or both, per violation.

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**SELECTED STATUTES FROM THE SOUTH CAROLINA CODE OF LAWS
PERTAINING TO THE INVESTIGATION AND PROSECUTION OF INSURANCE
FRAUD and GLASS COUPONING**

§ 38-55-530. Definitions.

As used in this article:

(A) "Authorized agency" means any duly constituted criminal investigative department or agency of the United States or of this State; the Department of Insurance; the Department of Revenue; the Department of Public Safety; the Workers' Compensation Commission; the State Accident Fund; the Second Injury Fund; the Employment Security Commission; the Department of Consumer Affairs; the Human Affairs Commission; the Department of Health and Environmental Control; the Department of Social Services; the Department of Health and Human Services; the Department of Labor, Licensing and Regulation; all other state boards, commissions, and agencies; the Office of the Attorney General of South Carolina; or the prosecuting attorney of any judicial circuit, county, municipality, or political subdivision of this State or of the United States, and their respective employees or personnel acting in their official capacity.

(B) "Insurer" shall have the meaning set forth in Section 38-1-20(25) and includes any authorized insurer, self-insurer, reinsurer, broker, producer, or any agent thereof.

(C) "Person" means any natural person, company, corporation, unincorporated association, partnership, professional corporation, or other legal entity and includes any applicant, policyholder, claimant, medical providers, vocational rehabilitation provider, attorney, agent, insurer, fund, or advisory organization.

(D) "False statement and misrepresentation" means a statement or representation made by a person that is false, material, made with the person's knowledge of the falsity of the statement, and made with the intent of obtaining or causing another to obtain or attempting to obtain or causing another to obtain an undeserved economic advantage or benefit or made with the intent to deny or cause another to deny any benefit or payment in connection with an insurance transaction and such shall constitute fraud.

§ 38-55-540. Criminal penalties for making false statement or misrepresentation, or assisting, abetting, soliciting or conspiring to do so; restitution to victims.

(A) A person who knowingly makes a false statement or misrepresentation, and any other person knowingly, with an intent to injure, defraud, or deceive, or who assists, abets, solicits, or conspires with a person to make a false statement or misrepresentation, is guilty of a:

(1) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is less than one thousand dollars. Upon conviction, the person must be fined not less than one hundred nor more than five hundred dollars or imprisoned not more than thirty days;

(2) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is one thousand dollars or more but less than ten thousand dollars. Upon conviction, the person must be fined not less than two thousand nor more than ten thousand dollars or imprisoned not more than three years, or both;

(3) felony, for a first offense violation, if the amount of the economic advantage or benefit received is ten thousand dollars or more but less than fifty thousand dollars. Upon conviction, the person must be fined not less than ten thousand nor more than fifty thousand dollars or imprisoned not more than five years, or both;

(4) felony, for a first offense violation, if the amount of the economic advantage or benefit received is fifty thousand dollars or more. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both;

(5) felony, for a second or subsequent violation, regardless of the amount of the economic advantage or benefit received. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both.

(B) In addition to the criminal penalties set forth in subsection (A), a person convicted pursuant to the provisions of this section must be ordered by the court to make full restitution to a victim for any economic advantage or benefit which has been obtained by the person as a result of that violation, and to pay the difference between any taxes owed and any taxes the person paid, if applicable."

SECTION 38-55-170. Presenting false claims for payment.

A person who knowingly causes to be presented a false claim for payment to an insurer transacting business in this State, to a health maintenance organization transacting business in this State, or to any person, including the State of South Carolina, providing benefits for health care in this State, whether these benefits are administered directly or through a third person, or who knowingly assists, solicits, or conspires with another to present a false claim for payment as described above, is guilty of a:

- (1) felony if the amount of the claim is ten thousand dollars or more. Upon conviction, the person must be imprisoned not more than ten years or fined not more than five thousand dollars, or both;
- (2) felony if the amount of the claim is more than two thousand dollars but less than ten thousand dollars. Upon conviction, the person must be fined in the discretion of the court or imprisoned not more than five years, or both;
- (3) misdemeanor triable in magistrates court or municipal court, notwithstanding the provisions of Sections 22-3-540, 22-3-545, 22-3-550, and 14-25-65, if the amount of the claim is two thousand dollars or less. Upon conviction, the person must be fined not more than one thousand dollars, or imprisoned not more than thirty days, or both.

§ 38-55-550. Civil penalties for violations of article; costs; payment; use of revenues; Attorney General to assist Insurance Fraud Division; consent agreements.

(A) In addition to any criminal liability, any person who is found by a court of competent jurisdiction to have violated any provision of this article, including Section 38-55-170, is subject to a civil penalty for each violation as follows:

- (1) for a first offense, a fine not to exceed five thousand dollars;
- (2) for a second offense, a fine of not less than five thousand dollars but not to exceed ten thousand dollars;
- (3) for a third and subsequent offense, a fine of not less than ten thousand dollars but not to exceed fifteen thousand dollars.

(B) The civil penalty must be paid to the director of the Insurance Fraud Division to be used in accordance with subsection (D) of this section. The court may also award court costs and reasonable attorneys' fees to the director. When requested by the director, the Attorney General may assign one or more deputies attorneys general to assist the bureau in any civil court proceedings against the person.

(C) Nothing in subsections (A) and (B) shall be construed to prohibit the director of the Insurance Fraud Division and the person alleged to be guilty of a violation of this article from entering into a written agreement in which the person does not admit or deny the charges but consents to payment of the civil penalty. A consent agreement may not be used in a subsequent civil or criminal proceeding relating to any violation of this article.

(D) All revenues from the civil penalties imposed pursuant to this section must be used to provide funds for the costs of enforcing and administering the provisions of this article.

§ 39-5-170. Vehicle glass repair business; unlawful practices.

It is an unfair trade practice and unlawful for a person who is acting on behalf of or engaged in a vehicle glass repair business to offer or make a payment or transfer money or other consideration to:

(1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;

(2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or

(3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

§ 38-55-173. Unlawful vehicle glass repair business practices; penalties.

(A) A person who is acting on behalf of or engaged in a vehicle glass repair business is guilty of a misdemeanor if the person offers or makes a payment or transfer of money or other consideration to:

(1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;

(2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or

(3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

(B) If the amount of the payment or transfer of subsection (A) has a value of:

(1) one thousand dollars or more, the person, upon conviction, must be fined in the discretion of the court or imprisoned for not more than three years, or both, per violation; or

(2) less than one thousand dollars, the person, upon conviction, must be fined not more than five hundred dollars or imprisoned for not more than thirty days, or both, per violation.

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