

ForeCAST REPORT

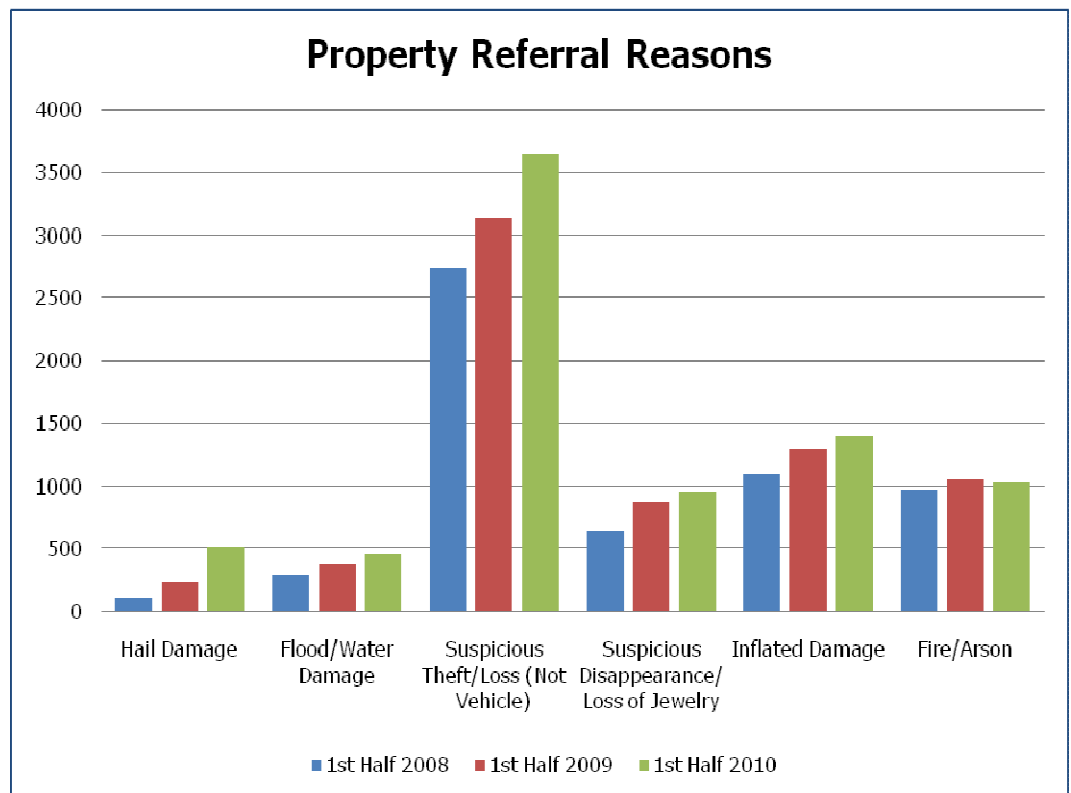
Date: July 14, 2010
 Regarding: 1st Half 2008, 2009, and 2010 Referral Reason Analysis
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An analysis of the National Insurance Crime Bureau (NICB) 1st Half 2008, 2009, and 2010 Questionable Claims (QCs) was performed to compare Property, Casualty, Commercial, Workers' Compensation, Vehicle, and Miscellaneous referral reasons. It should be noted that a single referred claim can contain up to seven referral reasons. Tables and charts are organized by greatest percent change. Overall, four out of the 6 Referral Reason categories experienced an increase from the first half of 2009 to the first half of 2010.

1st Half 2008, 2009, and 2010 Property Referral Reasons

Property Referral Reasons	1 st Half 2008	1 st Half 2009	Difference	Percent Change	1 st Half 2009	1 st Half 2010	Difference	Percent Change
Hail Damage	104	244	140	135%	244	506	262	107%
Flood/Water Damage	288	372	84	29%	372	460	88	24%
Suspicious Theft/Loss (Not Vehicle)	2,733	3,136	403	15%	3,136	3,647	511	16%
Suspicious Disappearance/Loss of Jewelry	648	875	227	35%	875	953	78	9%
Inflated Damage	1,086	1,301	215	20%	1,301	1,403	102	8%
Fire/Arson	972	1,054	82	8%	1,054	1,024	-30	-3%
Total Property Referrals	5,831	6,982	1,151	20%	6,982	7,993	1,011	14%

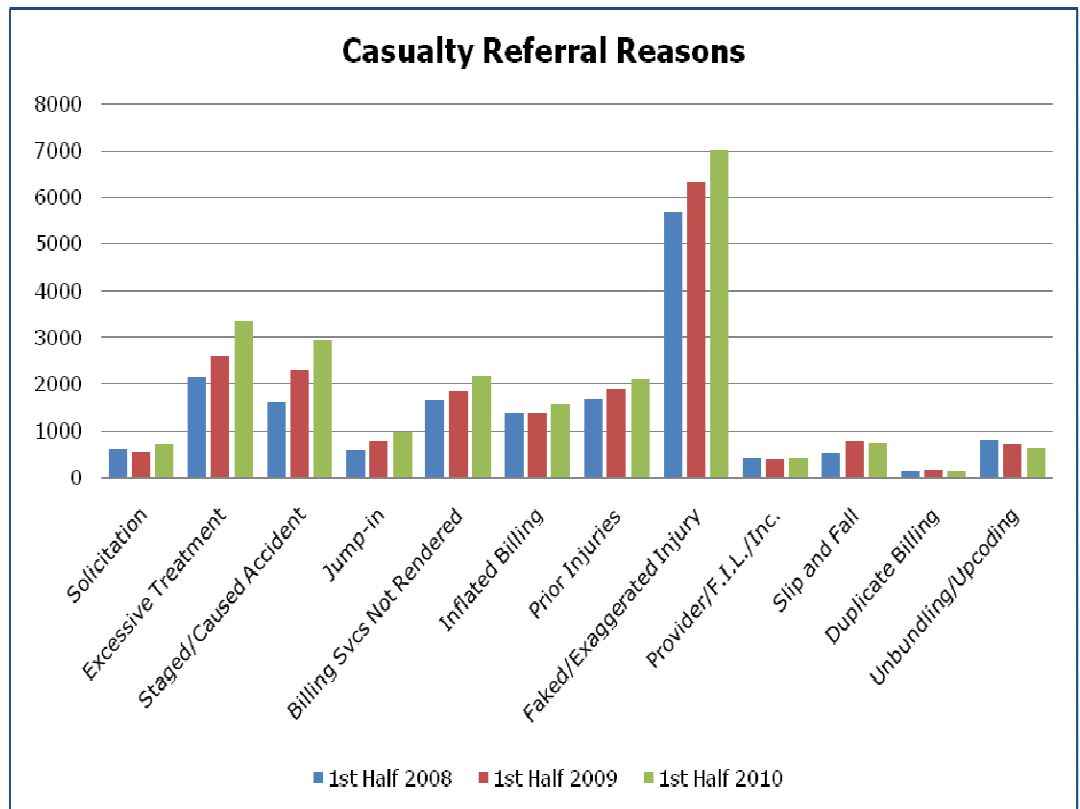
All Property Referral Reason categories showed an increase in the 1st quarter of 2010, over the 1st half of 2009, with the exception of Fire/Arson. Hail Damage accounted for the largest percent change with a 107% increase. Fire/Arson referrals decreased 3 percent in the 1st half of 2010, as compared to the 1st half of 2009.



1st Half 2008, 2009, and 2010 Casualty Referral Reasons

Casualty Referral Reasons	1st Half 2008	1st Half 2009	Difference	Percent Change	1st Half 2009	1st Half 2010	Difference	Percent Change
Solicitation (Chasers and Capers)	608	546	-62	-10%	546	708	162	30%
Excessive Treatment	2,145	2,599	454	21%	2,599	3,332	733	28%
Staged/Caused Accident	1,621	2,320	699	43%	2,320	2,938	618	27%
Jump-in	566	784	218	39%	784	980	196	25%
Billing for Services (Svcs) Not Rendered	1,654	1,838	184	11%	1,838	2,163	325	18%
Inflated Billing	1,381	1,368	-13	-1%	1,368	1,584	216	16%
Prior Injuries	1,682	1,895	213	13%	1,895	2,097	202	11%
Faked/Exaggerated Injury	5,680	6,353	673	12%	6,353	7,021	668	11%
Provider/Facility Improperly Licensed (F.I.L.)/Incorporated	391	364	-27	-7%	364	402	38	10%
Slip and Fall	516	760	244	47%	760	731	-29	-4%
Duplicate Billing	144	166	22	15%	166	159	-7	-4%
Unbundling/Upcoding	814	724	-90	-11%	724	630	-94	-13%
Total Casualty Referrals	17,202	19,717	2,515	15%	19,717	22,745	3,028	15%

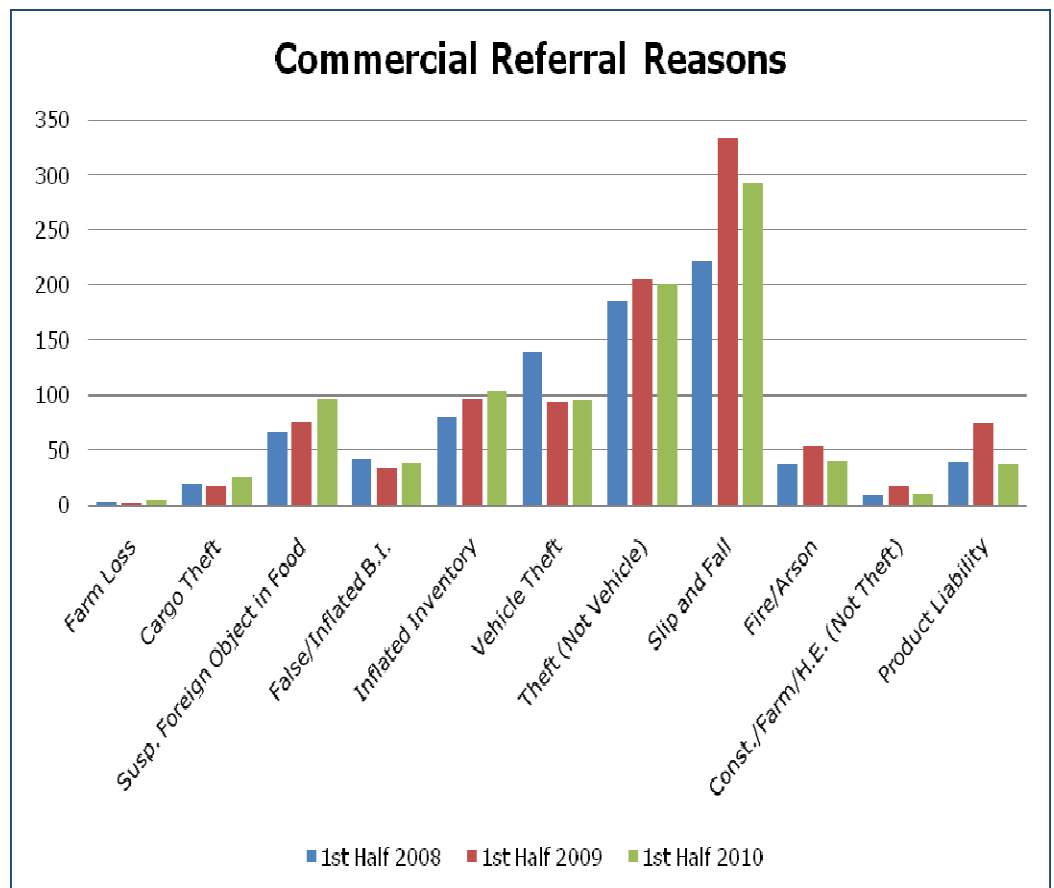
After a 10 percent decline between the 1st half of 2008 and 2009, Solicitation referrals showed the largest increase, 30 percent, between the 1st half of 2009 to 2010. Slip and Fall, Duplicate Billing, and Unbundling/Upcoding were the Casualty referral reasons that decreased between the 1st half of 2009 to 2010, with -4%, -4%, and -13% respectively. For the 1st half of 2010, 39.5 percent of the total referral reasons are allegations of wrongdoing by the medical provider (Duplicate Billing, Excessive Treatment, Provider/Facility Improperly Licensed/ Incorporated, Billing for Services Not Rendered, Solicitation, Inflated Billing, and Unbundling/Upcoding). For 2009, 38.6 percent of the referrals were referral reasons of allegations of wrongdoing by the medical provider.



1st Half 2008, 2009, and 2010 Commercial Referral Reasons

Commercial Referral Reasons	1st Half 2008	1st Half 2009	Difference	Percent Change	1st Half 2009	1st Half 2010	Difference	Percent Change
Farm Loss	3	1	-2	-67%	1	4	3	300%
Cargo Theft	19	17	-2	-11%	17	25	8	47%
Suspicious Foreign Object in Food	66	75	9	14%	75	97	22	29%
False/Inflated Business Interruption (I.B.I.)	42	34	-8	-19%	34	38	4	12%
Inflated Inventory	79	97	18	23%	97	103	6	6%
Vehicle Theft	139	94	-45	-32%	94	95	1	1%
Theft (Not Vehicle)	186	206	20	11%	206	201	-5	-2%
Slip and Fall	221	333	112	51%	333	293	-40	-12%
Fire/Arson	36	54	18	50%	54	41	-13	-24%
Construction/Farm/ Heavy Equipment (Not Theft)	9	17	8	89%	17	11	-6	-35%
Product Liability	39	74	35	90%	74	37	-37	-50%
Total Commercial Referrals	839	1,002	163	19%	1,002	945	-57	-6%

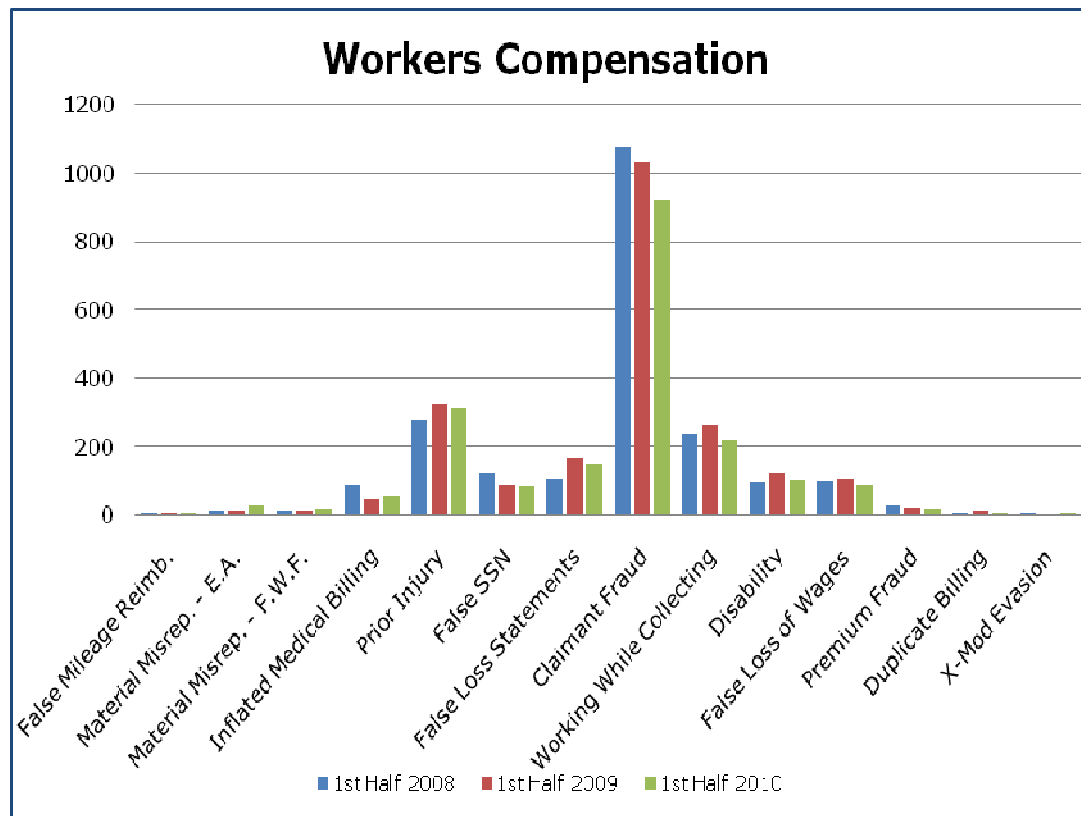
The largest percent change for Commercial referrals was seen in Farm loss referrals, with an increase of 300 percent, however, the actual increase is from 1 to 4 records a small percentage (.5 percent). Theft (Not Vehicle), Slip and Fall, Fire/Arson, Construction/Farm/Heavy Equipment (H.E) (Not Theft), and Product Liability all showed a decrease between the 1st half of 2009 to the 1st half of 2010 after posting increases in the 2008 to 2009 1st half comparison. Interestingly, even though commercial slip and falls were down 12% from the first half of 2009, they still accounted for 31% all commercial referrals in the first half 2010. Overall, Commercial referrals in the 1st half of 2010 were down 6 percent as compared to the 1st half of 2009.



1st Half 2008, 2009, and 2010 Workers' Compensation Referral Reasons

Workers' Compensation Referral Reasons	1st Half 2008	1st Half 2009	Difference	Percent Change	1st Half 2009	1st Half 2010	Difference	Percent Change
False Mileage Reimbursement	6	4	-2	-33%	4	8	4	100%
Material Misrepresentation - E.A.	15	14	-1	-7%	14	26	12	86%
Material Misrepresentation - F.W.F.	15	16	1	7%	16	20	4	25%
Inflated Medical Billing	91	47	-44	-48%	47	57	10	21%
Prior Injury/Not Related to Work	278	324	46	17%	324	315	-9	-3%
False SSN	125	91	-34	-27%	91	88	-3	-3%
False Loss Statements	106	164	58	55%	164	148	-16	-10%
Claimant Fraud	1,072	1,030	-42	-4%	1,030	923	-107	-10%
Working While Collecting	238	262	24	10%	262	221	-41	-16%
Disability	95	125	30	32%	125	105	-20	-16%
False Loss of Wages	99	106	7	7%	106	89	-17	-16%
Premium Fraud	28	22	-6	-21%	22	17	-5	-23%
Duplicate Billing	7	14	7	100%	14	8	-6	-43%
X-Mod Evasion	2	0	-2	-100%	0	2	2	N/A
Total Workers' Compensation Referrals	2,177	2,219	42	2%	2,219	2,027	-192	-9%

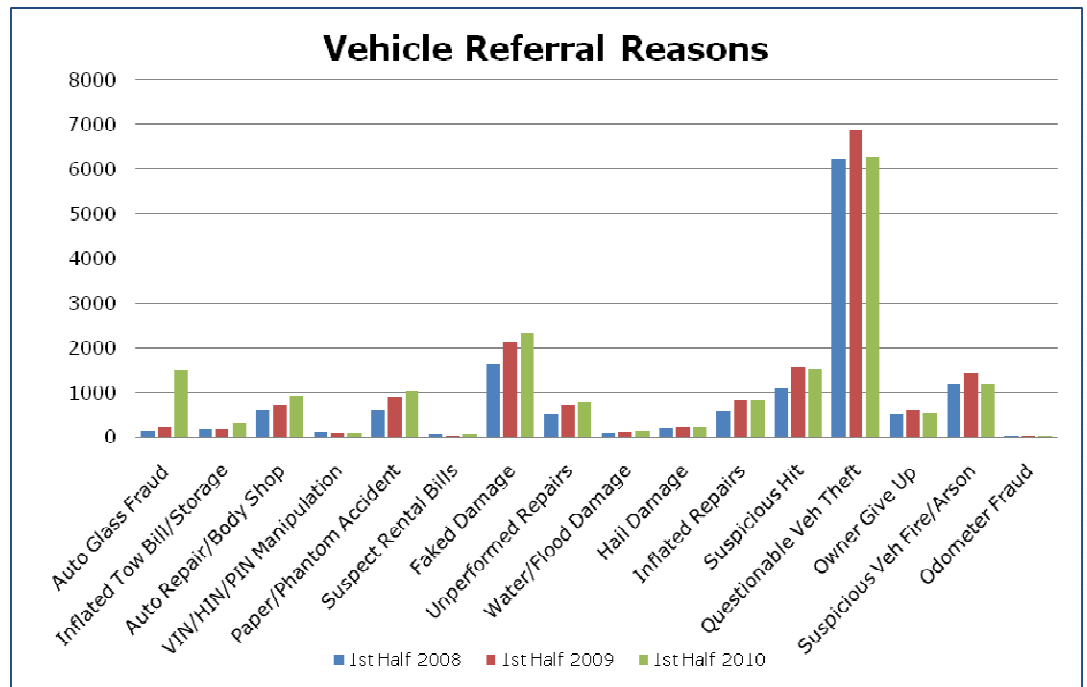
False Mileage Reimbursement referrals accounted for the largest percent increase in Workers' Compensation referrals with 100 percent, however that referral reason was not used often representing .4 percent of the total Workers' Compensation referrals for the 1st Half of 2010. While Prior injury/Not Related to Work, Claimant Fraud and Working While Collecting all showed decreases between the 1st half of 2009 to 2010, together they account for 72% of the WC referral reasons. Workers' Compensation referrals were down 9 percent overall, when comparing the 1st half of 2009 to the 1st half of 2010.



1st Half 2008, 2009, and 2010 Vehicles Referral Reasons

Vehicle Referral Reasons	1st Half 2008	1st Half 2009	Difference	Percent Change	1st Half 2009	1st Half 2010	Difference	Percent Change
Auto Glass Fraud	136	239	103	76%	239	1,498	1,259	527%
Inflated Tow Bill/Storage	161	164	3	2%	164	315	151	92%
Auto Repair/Body Shop	608	724	116	19%	724	934	210	29%
VIN/HIN/PIN Manipulation	111	74	-37	-33%	74	90	16	22%
Paper/Phantom Accident	612	894	282	46%	894	1,025	131	15%
Suspect Rental Bills	50	41	-9	-18%	41	47	6	15%
Faked Damage	1,628	2,111	483	30%	2,111	2,318	207	10%
Unperformed Repairs	536	704	168	31%	704	765	61	9%
Water/Flood Damage	95	118	23	24%	118	128	10	8%
Hail Damage	181	248	67	37%	248	252	4	2%
Inflated Repairs	588	824	236	40%	824	823	-1	0%
Suspicious Hit While Parked	1,083	1,585	502	46%	1,585	1,533	-52	-3%
Questionable Vehicle Theft	6,213	6,852	639	10%	6,852	6,290	-562	-8%
Owner Give Up	531	613	82	15%	613	545	-68	-11%
Suspicious Vehicle Fire/Arson	1,189	1,428	239	20%	1,428	1,189	-239	-17%
Odometer Fraud	30	35	5	17%	35	26	-9	-26%
Total Vehicle Referrals	13,752	16,654	2,902	21%	16,654	17,778	1,124	7%

Between the 1st half of 2009 to 2010, the largest percent change for vehicle referrals was seen in Auto Glass Fraud, with a staggering 527% climb. Five Vehicle referral categories decreased for the comparison of the 1st half of 2009 to the 1st half of 2010. Overall, total Vehicle referrals increased by 7 percent from 2009 to 2010.



1st Half 2008, 2009, and 2010 Miscellaneous Referral Reasons

Miscellaneous Referral Reasons	1st Half 2008	1st Half 2009	Difference	Percent Change	1st Half 2009	1st Half 2010	Difference	Percent Change
Vendor Fraud	147	148	1	1%	148	348	200	135%
Malingering	439	486	47	11%	486	689	203	42%
Attorney Activities	855	868	13	2%	868	1,229	361	42%
Organized Group/Ring Activity	1,109	1,328	219	20%	1,328	1,837	509	38%
Medical Provider	2,431	2,403	-28	-1%	2,403	3,131	728	30%
Medical Provider/Attorney Relationship	1,170	1,059	-111	-9%	1,059	1,284	225	21%
Extensive Loss History	1,322	1,832	510	39%	1,832	2,209	377	21%
Material Misrepresentation - Interview	1,980	3,014	1,034	52%	3,014	3,623	609	20%
Lack of Cooperation from Insured	2,017	3,253	1,236	61%	3,253	3,851	598	18%
Application Misrepresentation	2,225	2,822	597	27%	2,822	3,246	424	15%
Prior Loss/Damage	2,272	3,457	1,185	52%	3,457	3,938	481	14%
Multiple Policies	122	172	50	41%	172	193	21	12%
Fictitious Loss	3,133	3,914	781	25%	3,914	4,299	385	10%
Informant Tip - Law Enforcement	168	197	29	17%	197	212	15	8%
Questioned Documents Altered	1,261	1,678	417	33%	1,678	1,775	97	6%
Catastrophe	99	323	224	226%	323	336	13	4%
Premium Avoidance	501	872	371	74%	872	902	30	3%
Agent/Adjuster Fraud	111	140	29	26%	140	134	-6	-4%
Informant Tip - Anonymous	227	310	83	37%	310	270	-40	-13%
Total Miscellaneous Referrals	21,589	28,276	6,687	31%	28,276	33,506	5,230	18%

Vendor Fraud accounted for the largest percent change in Miscellaneous referrals with a 135 percent increase when comparing the 1st half of 2009 to the 1st half of 2010. Agent/Adjuster Fraud and Informant Tip - Anonymous both decreased from the 1st half of 2009 to the 1st half of 2010, and both showed increases in the 1st half of 2008 to the 1st half of 2009 comparison. Referrals indicating fictitious loss account for 13 percent of the total Miscellaneous referrals. Overall, Miscellaneous referrals increased by 18 percent from the first half of 2009 to the first half of 2010. Notably, Miscellaneous reasons for referral accounted for nearly 40% of all reasons for referral.

Miscellaneous Referral Reasons

