

## Abstract

Many tools are available for utilization by disability insurance fraud investigators but few are as comprehensive or as valuable as the Internet. Even though this resource is freely available and widely acclaimed, there is a dearth of quality training materials on the subject. While investigators and analysts frequently receive training in the use of other tools, the Internet represents a formidable challenge. Recognizing the challenge that investigators face, it is the goal of this professional project to provide a comprehensive training manual and reference guide for research conducted on the Internet for the purposes of investigating suspicious long term disability insurance claims.

THE ONLINE INVESTIGATORS HANDBOOK:  
A COMPREHENSIVE GUIDE TO ONLINE RESEARCH FOR DISABILITY  
INSURANCE FRAUD INVESTIGATORS

by

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## Introduction

### *The Disability Insurance Fraud Landscape*

Insurance fraud is costly. While there are several factors that make the actual cost of fraud difficult to quantify, a recent study estimates the annual losses attributed to insurance fraud at \$96.2 Billion (Conning & Company, 2000). Disability insurance represents one of the smallest fraud-loss sectors but still accounts large dollar losses at approximately \$1 Billion each year.

Due to the nature of the disability insurance process, long term disability insurance is extremely susceptible to the soft fraud of malingering, where a claimant extends the duration of a disability claim by pretending to be incapacitated in order to receive benefits to which the claimant is no longer entitled. Special Investigation Units (SIUs) have been established by insurers to detect, investigate, and prevent fraud. SIUs have proven effective for insurers and some companies report SIU Return-on-Investment ratios as high as 27 to 1 (Conning & Company, 2000).

By identifying fraudulent claims earlier in the claim lifecycle, insurance companies can become more efficient at investigating fraud and realize greater savings allowing them to focus more energy and resources on the claimants who truly deserve benefits. Fraudulent claims cost insurers billions of dollars each year. Those costs are passed on to the consumer by way of higher premiums. Effective anti-fraud programs can help keep claim costs down allowing insurers to stay competitive and helping individuals and employers to obtain disability insurance at a reasonable rate.

*Statement of the Problem*

Increasingly, investigators are turning to the Internet to begin their research or investigation into a suspicious claimant. The Internet affords myriad resources to the investigator with minimal time or effort. Investigators utilize all kinds of online tools including electronic public record services like ChoicePoint or LexisNexis, insurance claim-specific services like ISO ClaimSearch, and others. These paid online resources offer excellent information and are accessible from the desktop. Insurers recognize that these technological tools are essential to effectively combat fraud. A 2000 survey of insurance companies found that companies are investing in technological solutions both to identify suspicious claims and build a case to prosecute suspected offenders (Conning & Company, 2000). Additionally, Nearly 90% of survey respondents felt that the use of technology could improve their fraud detection efforts (Conning & Company, 2000).

In addition to the common subscription resources, there is another resource that investigators have discovered hiding in plain sight. The World Wide Web itself can provide a wealth of information about a claimants activities or whereabouts. Using Web resources effectively is highly desirable because they are free, fast, and effective. However, while most SIUs have been provided with a computer and Internet access, very few have received sufficient formal training on how to use Web resources to conduct investigations.

While there are some training materials available on this topic, there is a dearth of comprehensive quality training on this subject. This void has been haphazardly filled with some self-study courses, seminars, and other inadequate training tools. However, there is very little published material available on how to effectively use the Internet as a resource for the investigation of insurance fraud claims. Disability insurance claims in particular can

benefit from more formal training in this area, as disability fraud investigations often center around functionality and activity – the types of information that are readily available on the Internet.

The final outcome of this project will be the creation of a comprehensive training guide for disability insurance fraud investigators and analysts in using no cost (or low cost) Internet resources to supplement traditional investigative techniques.

### *Definition of Terms*

Internet. A decentralized global network connecting millions of computers (Webopedia, 2003).

World Wide Web. A system of Internet servers that support the HyperText Markup Language (HTML) (Webopedia, 2003). Also referred to as “WWW” or “Web.”

Deep web. World wide web content that is stored in databases accessible on the Web but not available via search engines. Also called the “Invisible web” since content is invisible to search engines. (Cohen, 2003).

Special Investigation Unit (SIU). Entity responsible for investigating suspicious claims on behalf of an insurer. The SIU function may be provided by an internal group or outsourced to a third-party. Some states specifically require that this entity be separated from both claim and underwriting departments.

Insurance claim. Demand for payment in accordance with an insurance policy (WordNet, 2003). For the purposes of this project, “claim” will refer to an insurance claim in accordance with a disability insurance policy unless otherwise noted.

Investigation. A thorough and systematic inquiry conducted by an insurers Special Investigation Unit, law enforcement authority, or other investigative body into questionable activities surrounding a disability insurance claim. Note that “claim investigation” is an insurance industry term that is commonly used to define the regular course of business when processing a claim. In this project, Investigation refers only to special inquiries made due to suspicious activity and not regular claim processing procedures.

Definition of Disability. The provision of a disability insurance policy that defines when an insured is eligible to receive benefits. The two major categories of long term disability are Own Occupation and Any Occupation.

Own Occupation. In order to meet the Definition of Disability under this contract provision, a claimant due to sickness or injury must be unable to perform the substantial and material duties of his or her regular occupation (Delizia, 2003).

Any Occupation. In order to meet the Definition of Disability under this contract provision, a claimant due to sickness or injury must be unable to perform the substantial and material duties of any occupation for which he or she is suited by education, training and experience (Delizia, 2003).

Proof of loss. A formal statement made by a claimant to an insurer regarding a loss. In the case of a disability claim, a claimant must provide proof that he or she is disabled under the provisions of the policy. Generally, proof of loss must be provided when a claim is filed and depending on the contract language, an insurer may ask for additional documentation to determine if a loss has occurred.

Malingering. Extending the duration of a disability claim by pretending to be incapacitated in order to receive benefits to which the claimant is not otherwise entitled. Also known as “soft fraud.”

Publicly available. Information that is available to the general public from non-governmental sources such as telephone directories, classified ads, newspaper articles, periodicals, or other forms of information publicly distributed information.

Public record. Information about or related to an individual which has been obtained originally from the records of a federal, state, or local governmental entity that are open for public inspection.

Non-public. Information about an individual that is of a private nature and neither available to the general public nor obtainable from a public record. Access to Non-Public information generally requires permission either granted by statute or by authorization from the individual.

### *Limitations*

Firstly, the Internet presents vast and potentially overwhelming subject matter to tackle in a project of this type. Therefore, it is imperative that the scope of the project be outlined from the start and that feasibility as it relates to available time is reconsidered along the way.

Secondly, the presentation method of a training manual is in question. Due to the electronic nature of the subject matter, an electronic publishing format would likely be most user-friendly, allowing authors to immediately utilize hyperlinks and other available electronic references and resources throughout the manual. However, a printable format may

also be desired. Due to these conflicting requirements along with consideration of the author's limited web-publishing ability and available time, the manual will be created in a simple electronic format that will allow readers to view the document in online or printed versions and take advantage of online capabilities such as hyperlinks.

### *Project Rationale*

This project aims to provide a formal training guide for investigators. Almost all SIUs provide access to the Internet for their investigative staff and few would argue that the Internet is a powerful resource. However, very few investigators have an extensive background in library science, Boolean logic, or software development. While some companies and agencies do offer computer training, few if any of these are geared toward Internet research.

Investigators have tended to use the highly reliable paid search tools almost exclusively, both because of their reliability and because of a sales force that is willing to train new users. The Internet does not have a sales force to provide training and these paid services are under increasing pressure from privacy groups to limit the information available to users. Suits against public record aggregators represent an emerging trend in litigation (Christensen, 2003). Finding alternative investigative resources is wise. The public Internet is generally immune from such litigation in that it is inherently provided for public consumption. Some SIUs are viewed as cost centers and, with the persistent goal of reducing expenses, the World Wide Web presents an attractive option as a research and investigation tool as the information available is largely free or available at minimal cost.

## Method

### *Conceptual Framework*

This result of this project will be the creation of a training manual that describes how to use Internet resources for the investigation of suspicious disability insurance claims. The manual is intended to be both a training tool and a reference guide for analysts and investigators who conduct research in association with the investigation of suspicious or fraudulent disability insurance claims. The training manual will be published in electronic format for ease of distribution and use.

### *Methodology*

This project will not follow a standard research methodology but rather will result in the creation of a training guide that will serve the disability Special Investigation Unit sector of the insurance industry. This manual will bridge the gap between the insufficient current state of Internet research capabilities and the valuable information that lies in the electronic public domain.

This project will outline a new philosophy for investigators, allowing them to view the Internet not as a mystical and confusing technology, but as just another witness to be interviewed, interrogated, and exploited for valuable information. Beginning with some essential introductory material about how the Internet works, the manual will provide investigators with a procedure for using various search tools and techniques to scour the Internet in search of relevant material. The guide will go far beyond a description of basic search engines and delve into mining the deep web; using everyday sources like EBay,

Weather.com, and Hotmail to conduct investigations; how to ascertain the owner of a website; and how to conduct research without revealing an investigators own identity. These techniques will center around the investigators quest for information about a claimant's true level of activity.

The following is a proposed outline for the content of the training manual:

1. Introduction & Internet Basics
  - a. Assumptions
  - b. How to use this manual
  - c. Investigations & Technology merge
  - d. Internet & World Wide Web
2. Internet Investigation 101
  - a. Data/information types
  - b. Understanding what's out there
  - c. Investigative methodology in an online context
  - d. Evaluating information sources
  - e. Legal & privacy issues
3. Domains
  - a. URL Structure & Domain Registration
  - b. WHOIS & Determining ownership
  - c. Personal web pages
4. Searching the Web
  - a. Search tools

- b. Results ranking
  - c. Methodology & strategy
  - d. Query building
  - e. Search mistakes
  - f. Advanced search techniques
5. Invisible Web
- a. Web topography
  - b. Navigating
  - c. Searching
6. Newsgroups, Listservs & Weblogs (Blogs)
- a. Accessing
  - b. Browsing
  - c. Searching
7. Records research
- a. Public records
  - b. Online/nearline/offline research
8. Organizations & Associations
- a. Licensed professions
  - b. Sports
  - c. Career-related
  - d. Hobby-related
9. News
- a. National/Regional/Local news sources

- b. Classified ads
  - c. Obituaries
10. Web bots & agents
- a. Review of agents
  - b. Investigative uses
11. Anonymous Investigation
- a. Online footprints
  - b. Internet access
  - c. Online Identities
  - d. Email

*Procedure*

The following is a list of procedures that will be followed for the development of this project:

1. Finalize Outline
2. Generate chapter contents
3. Insert graphics, screenshots, captions, and hyperlinks
4. Proof and edit text
5. Verify hyperlinks
6. Format document, verify structure and chapter order
7. Final proof
8. Generate final project for submission

*Completion Schedule*

The following is the proposed completion schedule for the professional project:

July 8, 2003	Submit draft proposal to committee
July 18, 2003	Receive feedback from committee
August 14, 2003	Submit proposal to committee
August 22, 2003	Receive feedback & approval of proposal from committee
August 31, 2003	Submit draft of first two chapters to committee
September 8, 2003	Receive feedback from committee
October 13, 2003	Submit draft of any remaining chapters to committee
November 3, 2003	Receive feedback from committee
November 17, 2003	Submit draft of professional project
December 1, 2003	Finalize professional project
December 15, 2003	Submit professional project and required forms

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