

PERCEPTIONS OF INSURANCE FRAUD AND A PUBLIC AWARENESS STRATEGY – HOW TO COMBAT THE "INVISIBLE" CRIME

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The PENNSYLVANIA INSURANCE FRAUD PREVENTION AUTHORITY was created through a bipartisan effort and a unanimous vote of the Pennsylvania General Assembly at the close of the session in December of 1994. The Bill creating the Authority was signed into law by the governor in January of 1995.

The implementing legislation called for the creation of an independent instrumentality of the government which was to be operated by a private Board of Directors. That Board is composed of a representative of the Attorney General's Office, a representative of the Philadelphia Federal Insurance Fraud Task Force, a consumer representative appointed by the governor, and four representatives of insurers licensed within the Commonwealth. The insurer representatives are appointed by the General Assembly leadership, one board member representing each of the four major lines of insurance. Once established, the IFPA Board of Directors moved swiftly in 1995 to create an operational strategy that would build a statewide prosecutorial network, along with a dramatic public awareness campaign. Before such a campaign could be designed, however, it became apparent that it would be necessary to ascertain the current public perception about committing insurance fraud.

The focus of the IFPA's initial educational campaign was developed from very specific research. The conclusions reached as a result of that research led to public awareness messages on television, radio and billboards focused on informing consumers of two key issues: that insurance fraud is a serious and costly crime, and that everyone pays for fraud through increased insurance premiums. Educating the general public became a key strategy in combating insurance fraud.

The first research endeavor seeking to reveal the public's knowledge and perception of insurance fraud occurred in January of 1997 and formed a benchmark for IFPA's subsequent public awareness campaign. Since then, continuous research initiatives have been undertaken, monitoring the changing behavior toward and beliefs about the "invisible" crime.

The first media based tagline used was, "Fraud – the crime you pay for." It was created in March of 1997 after focus groups studied creative messages and advertisements. A year later in July of 1998, the IFPA commissioned researchers to determine which ads and media platforms (TV, radio, billboards, etc.) had been most effective. The results helped formulate future advertising direction. Later research in January of 1999 helped to determine the degree to which, if any, the awareness campaigns were modifying behavior. That study revealed that the media campaign was clearly beginning to influence attitudes and beliefs. A recall test performed in May of 1999 disclosed that the overall public awareness of IFPA messages continued to gain momentum. Later that year, new creative messages were produced incorporating humor as a way of educating the public about insurance fraud. This approach proved successful. In April of 2001, recall testing showed awareness of the IFPA ads continuing to increase, well beyond normal insurance industry standards.

Success in raising the public's general awareness about insurance fraud was an important achievement. But equally significant was the fact that subsequent awareness testing in May of 2002 proved that the message had "staying power": 56.5 percent of the people surveyed could identify the IFPA ads and messages. This was affirmation that the IFPA's bold communications strategies were working. A clear majority of people were seeing the television, radio and billboard messages and remembering them.

In June of 2002, the IFPA decided to commission further research to probe what motivates toward and what deters people from committing insurance fraud. The survey found that 58 percent of Pennsylvanians, roughly 5.4 million people, thought it would be entirely appropriate for someone to commit some form of insurance fraud under certain circumstances.

This June 2002 survey also revealed the existence of four distinct population segments, each exhibiting attitudes that pre-disposed that population group to not only commit fraud but also to justify its commission. These four population segments – labeled "justifiers" – comprise nearly 30 percent of Pennsylvania's overall population:

- People motivated by monetary necessity
- People who consider themselves to be part of a larger group of social victims
- Individuals who feel personally victimized and who are motivated by anger
- Individuals characterized as economic sophisticates – people seeking to obtain and maintain wealth, who view fraudulent behavior as a calculated risk

Very diverse attitudes and characteristics were displayed within these four justifier groups, resulting in the IFPA deciding to focus on those groups holding the greatest promise for changing their attitude and behavior. The "monetary necessity" and "social victim" groups were selected for further scrutiny. These two groups shared many similar beliefs and were likely to be receptive to similar advertising messages. Combined, these two groups represented a significant target – approximately 60.7 percent of all people surveyed who exhibited the attitudes predisposing them to be likely to commit insurance fraud.

Having identified the targeted public "audience", focus groups were formed and designed to identify the most appropriate messages to reach the two audiences chosen. In addition, and just as importantly, the groups were asked to identify the most effective methods for delivering the message and for modifying or completely changing their behavior. The results were interesting. In the focus groups comprised of people having "monetary necessity", the consensus was that they did not believe that they made enough money to pay insurance expenses. Insurance costs were perceived as unnecessary, backbreaking expenses, which could plunge them into financial hardship. Ninety-one percent of this group believed that insurance companies made too much money at the consumer's expense. They found justification for falsifying claims or otherwise defrauding their insurance company due to their perceived need to provide for their family financially.

Another focus group, identified as "social victims", believed that "the system" was keeping them down and leaving them few choices in life. They believed that society favors some people and is prejudiced against others, and they therefore justified spending time and energy finding ways to avoid the system. Because "social victims" do not believe that they are protected or benefited by societal systems, they do not think that they should have to pay for them. For this group, to find a way to cut or completely avoid insurance costs is completely justifiable.

The individuals used in the focus groups were diverse in race, age and sex. Most possessed dependent family members and other financially pressing responsibilities. They were able to express many reasons why those responsibilities were more important to them than handling insurance claims in an honest manner. The fact that these groups have families and parental responsibilities led the IFPA to choose to tailor new messages to its audience in the year 2002.

One factor that was prominent in both focus groups, as a possible deterrent to committing insurance fraud, was the fear of damaging their relationships with their children. While most focus group members thought it was possible to successfully commit insurance fraud by acting alone, the thought of risking a connection between their actions, and the harmful, humiliating effects that those actions could have on their families, served as a deterrent. Group members expressed an understanding that committing insurance fraud could impact their families. It appeared that the risk of harming family relationships, particularly with their children, outweighed the financial incentive for committing insurance fraud. Focus group members were asked to consider the possible way that committing insurance fraud could possibly affect the relationships with their children. The responses to this question became the basis for a subsequent advertising campaign.

Once the focus group members learned that committing insurance fraud could lead to spending time in jail, they concluded that doing so would cost them the respect of their children and their spouses. In short, they would be "letting their families down." There is a strong possibility that going to prison for insurance fraud would cause their children to resent them for being exposed to the humiliation resulting from having a parent in prison. The prospect

of putting their family members in a position of being embarrassed and humiliated greatly influenced focus group members as to whether or not they would be as likely to commit insurance fraud as they previously had been. The threat of going to jail was a strong deterrent among group members and they concluded that being caught committing insurance fraud could result in being found guilty, going to jail, or paying a substantial fine, all of which would appear in their local newspaper. They also concluded that insurance companies, sooner or later, would become much more aggressive in "making examples of people" who commit insurance fraud.

As a result of the extensive research, it was concluded that a combination of two media messages would prove powerful: the fear of harming the child-parent relationship, and the fear of going to jail. Focus group participants agreed that in order to act as a deterrent to committing insurance fraud, awareness messages needed to be dramatic and have an emotional impact.

In 2002, the IFPA began an integrated advertising and public relations campaign focusing on the core idea, "You harm your children and family when you commit insurance fraud." The campaign includes billboards and two television spots, one which debuted in the fall of 2002 and one which will air in the fall of 2003. The campaign is an emotional plea to prospective perpetrators that insurance fraud will negatively affect their relationships with their children. It is a campaign based upon a strategy formulated from extensive research about the perceptions of insurance fraud. It also serves as a method by which to put a face on the "invisible" crime of insurance fraud.