

**THE REPORT OF THE**

**STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL**

**HENRY McMASTER**

**INSURANCE FRAUD DIVISION**

**2007 ANNUAL REPORT**



**January 2008**

## MESSAGE FROM THE ATTORNEY GENERAL

I proudly submit the 2007 Annual Report of the South Carolina Insurance Fraud Division. My office has been a leader in the fight against insurance fraud since the inception of our Insurance Fraud Division in 1994. With the help of the South Carolina Law Enforcement Division, whose agents investigate these insurance fraud cases, we continue the fight against insurance fraud.

Our battle against insurance fraud saw an increase in very important areas. In 2007, our office increased the number of convictions by 15% over 2006. The number of cases disposed of by civil remedy also increased in 2007. We closed 72 cases of insurance fraud by way of a civil fine, which reflects a 47% increase over the number in 2006 (49). By increasing the number of cases ended by both civil and criminal means, my office has sent a message that insurance fraud in this state will be addressed.

In 2007, our office received 712 complaints. The types of fraud reported in these complaints break down as follows: Automobile - 50% (358); Workers' Compensation - 14% (97); Personal/Commercial Property - 13% (94); Health/Medical - 9% (64); Life Insurance - 4% (29); Disability - 4% (28); Other - 3% (24); and Premium Fraud - 3% (18). Our office formally opened 410 complaints in 2007 and referred those cases to SLED for investigation, which was an increase over the cases referred to SLED in 2006 (389).

My office continued to make advances in the fight against insurance fraud in 2007. With the help of law enforcement and our citizens, that fight will continue. I want the people of South Carolina to know that the Office of the Attorney General is dedicated to enforcing the laws against insurance fraud in our state. This report can be found on the web at <http://www.sattorneygeneral.com>.

A handwritten signature in black ink that reads "Henry McMaster". The signature is written in a cursive, flowing style.

Henry McMaster

MESSAGE FROM THE DIRECTOR  
OF INSURANCE FRAUD

On July 1, 1994, the Governor enacted into law the Omnibus Insurance Fraud and Reporting Immunity Act establishing the Insurance Fraud Division of the Office of the Attorney General and mandating the prosecution of insurance fraud by this new division with the South Carolina Law Enforcement Division (SLED) conducting the investigations. The intention of the legislation was to aggressively confront the problem of insurance fraud in South Carolina. The Insurance Fraud Division receives referrals from the Department of Insurance, the South Carolina Worker's Compensation Commission, insurance companies, private citizens, law enforcement agencies, as well as attorneys and private law firms throughout the state of South Carolina.

I am pleased with the progress our division demonstrated in 2007. The number of insurance fraud convictions by our office increased by 15%, as we secured a total of 94 convictions as compared to 82 in 2006. We were also able to increase the number of cases we addressed by way of civil remedy. Our office disposed of 72 cases by exacting a fine, which is a 47% increase of the number of civil remedies in 2006 (49). Our ability to prosecute these cases to completion shows the people of South Carolina that this division takes insurance fraud seriously, and sends a message to those who commit fraud that insurance fraud cases will be vigorously pursued.

Our ability to prosecute these cases is dependent on the participation and cooperation of the private insurance industry, which refers many cases to us, and dedicated law enforcement who assist us by investigating those cases. I specifically thank the South Carolina Insurance Fraud Investigators (SCI-FI), and the National Insurance Crime Bureau (NICB) for their efforts.

Attorney General Henry McMaster has been and continues to be a leader in the fight against insurance fraud, and we appreciate his leadership and support. Lieutenant Lansing P. Logan of SLED, his investigators, and staff have the thanks of our office because our fight against insurance fraud depends upon their efforts. I am pleased with the results of our division in 2007, and look forward to an even better year in 2008.

Respectfully Submitted

Jennifer D. Evans  
Chief of Prosecution  
Director of Insurance Fraud Division

**CUMULATIVE STATISTICS OF THE  
INSURANCE FRAUD DIVISION  
1995 - 2007**

TOTAL COMPLAINTS RECEIVED	8107
TOTAL FILES OPENED	5379
CRIMINAL CONVICTIONS	961
CIVIL REMEDIES	552

<b>Type of Fraud</b>	<b>Amount Reported</b>
Personal/Commercial Property	\$15,744,465.25
Life Insurance	\$14,310,769.17
Automobile Insurance	\$11,019,424.27
Workers' Compensation	\$8,439,209.31
Premium	\$7,876,360.84
Disability Insurance	\$6,359,435.64
Health/Medical	\$6,313,530.63
Other	\$4,483,726.19
<b>TOTAL</b>	<b><u>\$74,546,921.30</u></b>

<b>Types of Monies Collected</b>	<b>Amount Collected</b>
Criminal Restitution	\$2,916,425.45
Civil Penalties	\$1,275,917.24
Civil Restitution	\$1,095,492.86
Criminal Fines	\$306,139.95
<b>Total</b>	<b><u>\$5,593,975.50</u></b>

**SUMMARY**  
*Status of Cases – 2007*

**Complaints**

Complaints Carried Forward from 2006	143
Complaints Received in 2007	712
Complaints Referred to other Agencies	96
Complaints Unfounded or Declined	212
Files Opened 2007	410
Complaints Carried Forward to 2008	216

**Open Files**

Files Opened in 2007	410
Open Files Disposed of 2007	383
Open Files on December 31, 2007	705
Open Files under SLED Investigation as of 12/31/07	514

**Disposition**

2007 Convictions	94
2007 Civil Remedies	72

**On the Docket**

Indicted Cases as of December 31, 2007	172
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**MONIES ORDERED AND/OR COLLECTED IN 2007**  
*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**

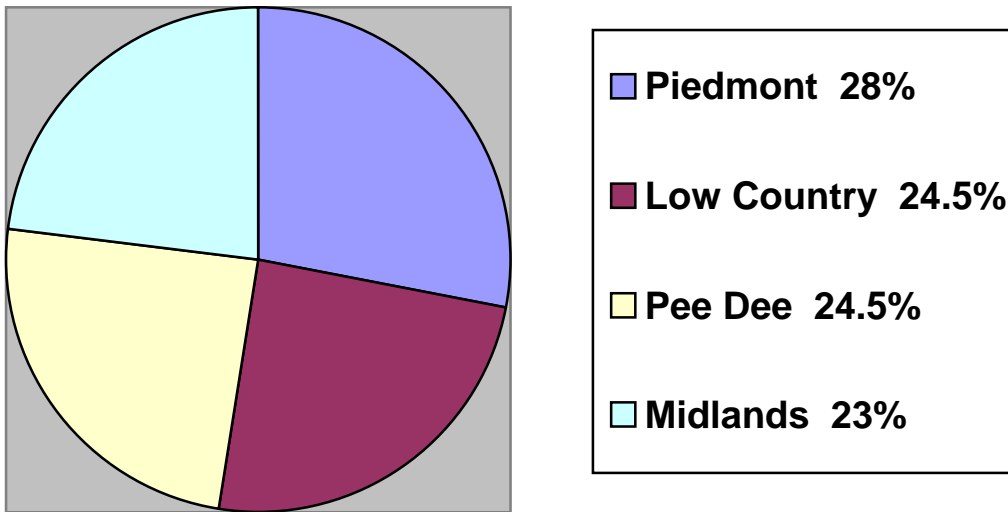
<b>CRIMINAL</b>	<b>AMOUNT</b>
Court Ordered Fines	\$7,800.00
Restitution Ordered	\$219,543.36
<b>TOTAL</b>	<b><u>\$227,343.36</u></b>

**Monies Ordered and/or Collected Pursuant to Civil Disposition**

<b>CIVIL</b>	<b>AMOUNT</b>
Fines Ordered	\$91,050.00
Fines Collected	\$91,050.00
Restitution Ordered	\$54,165.07
Restitution Collected	\$54,165.07
<b>TOTAL ORDERED</b>	<b><u>\$145,215.07</u></b>
<b>TOTAL COLLECTED</b>	<b><u>\$145,215.07</u></b>

## BREAKDOWN OF CASES BY REGION

During 2007, the Insurance Fraud Division of the Attorney General's office opened 410 cases. As the chart below indicates, these cases were received from all areas of the state:



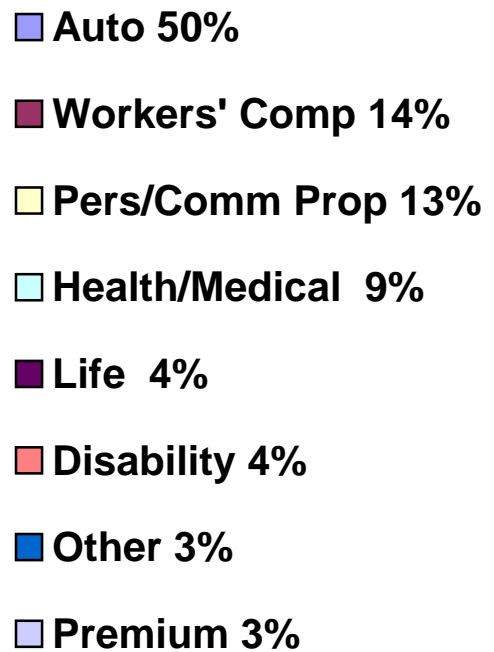
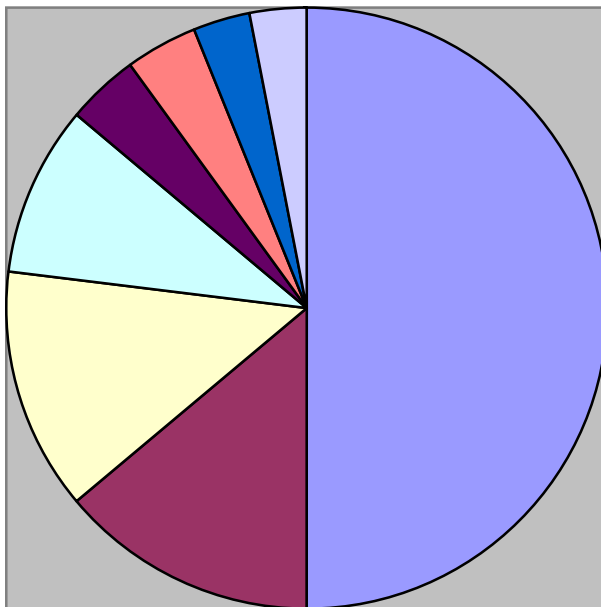
REGION	NUMBER OF CASES	PERCENT OF TOTAL
Piedmont	115	28%
Low Country	100	24.5%
Pee Dee	100	24.5%
Midlands	95	23%
TOTAL	410	100%

## BREAKDOWN OF COMPLAINTS RECEIVED BY TYPE

The fraud complaints received during 2007 by the Insurance Fraud Division consisted of the following types of fraud:

Type of Fraud	Number of Complaints	Percentage of Total	Amount Reported
Automobile	358	50%	\$386,790.80
Workers' Comp	97	14%	\$1,150,075.13
Personal/Commercial Property	94	13%	\$1,953,672.61
Health/Medical	64	9%	\$672,725.18
Life Insurance	29	4%	\$3,455,179.97
Disability	28	4%	\$146,131.97
Other	24	3%	\$580,730.52
Premium Fraud	18	3%	\$36,548.91
<b>TOTAL</b>	<b>712</b>	<b>100%</b>	<b>\$8,381,855.09</b>

Breakdown of Complaints by Type of Fraud – 2007



## 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	2007 Complaints Pending
Premium	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>

### AIKEN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	14	\$9,347.70	6
Disability	1	\$229.66	0
Health/Medical	1	0	0
Life Insurance	4	\$10,000.00	0
Other	1	\$405,234.00	0
Personal/Commercial Property	3	0	1
Workers' Comp	2	0	1
<b>TOTAL</b>	<b>26</b>	<b>\$424,811.06</b>	<b>8</b>

### ALLENDALE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Other	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>

## ANDERSON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	8	0	3
Health/Medical	1	\$4,600.00	0
Life Insurance	3	\$10,000.00	1
Personal/Commercial Property	6	\$415,810.00	0
Premium Fraud	1	\$10,000.00	0
Workers' Comp	6	0	0
<b>TOTAL</b>	<b>25</b>	<b>\$440,410.00</b>	<b>4</b>

## BAMBERG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	1	0	0
Disability	1	0	0
Personal/Commercial Property	1	\$1,717.95	0
<b>TOTAL</b>	<b>3</b>	<b>\$1,717.95</b>	<b>0</b>

## BARNWELL COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	1	\$351.53	0
Life Insurance	2	\$25,000.00	0
<b>TOTAL</b>	<b>3</b>	<b>\$25,351.53</b>	<b>0</b>

## BEAUFORT COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	8	\$55,000.00	1
Health/Medical	2	0	0
Other	2	\$3,457.53	0
Personal/Commercial Property	3	0	1
Workers' Comp	6	0	2
<b>TOTAL</b>	<b>21</b>	<b>\$58,457.53</b>	<b>4</b>

## BERKELEY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	6	0	4
Health/Medical	2	\$1,300.00	1
Life Insurance	1	0	1
Personal/Commercial Property	4	\$3,500.00	1
Premium Fraud	1	\$4,947.62	0
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>16</b>	<b>\$9,747.62</b>	<b>7</b>

## CALHOUN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>

## CHARLESTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	26	\$49,854.13	15
Disability	3	\$39,741.19	1
Health/Medical	9	\$169.06	4
Other	1	0	0
Personal/Commercial Property	6	\$49,000.00	1
Premium Fraud	3	\$17,547.59	1
Workers' Comp	15	0	6
<b>TOTAL</b>	<b>63</b>	<b>\$156,311.97</b>	<b>28</b>

## CHEROKEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	5	\$17,500.00	1
Other	1	\$104,662.53	0
Personal/Commercial Property	3	0	1
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>10</b>	<b>\$122,162.53</b>	<b>2</b>

## CHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	2	\$8,796.03	1
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>3</b>	<b>\$8,796.03</b>	<b>1</b>

## CHESTERFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	\$1,900.00	1
<b>TOTAL</b>	<b>3</b>	<b>\$1,900.00</b>	<b>1</b>

## CLARENDON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	8	\$1,828.77	3
Other	1	0	1
Personal/Commercial Property	2	0	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>12</b>	<b>\$1,828.77</b>	<b>4</b>

## COLLETON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	12	\$27,900.00	5
Life Insurance	1	0	0
Personal/Commercial Property	2	\$87,000.00	2
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>16</b>	<b>\$114,900.00</b>	<b>7</b>

## DARLINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	\$21,750.00	1
Health/Medical	3	\$21,545.48	1
Personal/Commercial Property	3	\$182,160.00	2
<b>TOTAL</b>	<b>9</b>	<b>\$225,455.48</b>	<b>4</b>

## DILLON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	4	0	2
Health/Medical	2	0	0
Life Insurance	2	0	0
Other	1	0	0
Personal/Commercial Property	2	\$27,583.36	0
<b>TOTAL</b>	<b>11</b>	<b>\$27,583.36</b>	<b>2</b>

## DORCHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	14	\$396.00	4
Disability	1	0	0
Health/Medical	2	0	0
Life Insurance	1	\$300,000.00	0
Personal/Commercial Property	2	\$182,658.19	0
Premium Fraud	1	0	1
Workers' Comp	8	\$3,914.29	0
<b>TOTAL</b>	<b>29</b>	<b>\$486,968.48</b>	<b>5</b>

## FAIRFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	6	\$3,300.00	2
Disability	1	0	0
Health/Medical	1	0	0
Life Insurance	1	\$10,000.00	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>10</b>	<b>\$13,300.00</b>	<b>2</b>

## FLORENCE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	7	\$40,000.00	1
Health/Medical	2	\$104,100.00	0
Life Insurance	1	0	0
Other	3	\$1,610.00	1
Personal/Commercial Property	5	\$503.25	2
Premium Fraud	1	0	0
Workers' Comp	1	0	1
<b>TOTAL</b>	<b>20</b>	<b>\$146,213.25</b>	<b>5</b>

## GEORGETOWN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	6	\$7,300.00	2
Health/Medical	3	\$10,353.00	0
<b>TOTAL</b>	<b>9</b>	<b>\$17,653.00</b>	<b>2</b>

## GREENVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	29	\$15,504.00	13
Disability	7	\$362.16	1
Health/Medical	4	\$600.00	0
Life Insurance	3	\$3,500.00	0
Other	2	0	1
Personal/Commercial Property	7	\$68,816.00	4
Premium Fraud	3	\$779.32	1
Workers' Comp	6	\$43,208.00	1
<b>TOTAL</b>	<b>61</b>	<b>\$132,769.48</b>	<b>21</b>

## GREENWOOD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	9	\$2,484.06	2
Personal/Commercial Property	1	\$7,000.00	0
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>12</b>	<b>\$9,484.06</b>	<b>2</b>

## HAMPTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>

## HORRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	21	\$18,591.78	8
Disability	3	\$39,562.46	0
Health/Medical	4	0	1
Life Insurance	2	\$179.97	0
Other	1	0	0
Personal/Commercial Property	7	\$673,449.00	0
Premium Fraud	1	0	0
Workers' Comp	11	\$63,345.49	1
<b>TOTAL</b>	<b>50</b>	<b>\$795,128.70</b>	<b>10</b>

## JASPER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	0	1
Disability	1	0	0
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>1</b>

## KERSHAW COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	2	0	0
Life Insurance	1	\$50,000.00	0
<b>TOTAL</b>	<b>3</b>	<b>\$50,000.00</b>	<b>0</b>

## LANCASTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	10	0	5
Disability	1	\$3,265.40	0
Health/Medical	1	0	1
Personal/Commercial Property	1	\$9,100.00	0
<b>TOTAL</b>	<b>13</b>	<b>\$12,365.49</b>	<b>6</b>

## LAURENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Disability	2	\$45,430.18	1
Health/Medical	1	0	0
<b>TOTAL</b>	<b>3</b>	<b>\$45,430.18</b>	<b>1</b>

## LEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	0	1
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>1</b>

## LEXINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	17	0	6
Disability	2	0	1
Health/Medical	1	\$4,403.00	0
Personal/Commercial Property	6	\$6,472.00	1
Workers' Comp	8	\$600,000.00	3
<b>TOTAL</b>	<b>34</b>	<b>\$610,875.00</b>	<b>11</b>

## MARION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	9	\$15,474.90	6
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>10</b>	<b>\$15,474.90</b>	<b>6</b>

## MARLBORO COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	5	0	2
Workers' Comp	1	\$231,652.50	1
<b>TOTAL</b>	<b>6</b>	<b>\$231,652.50</b>	<b>3</b>

## MCCORMICK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	\$12,000.00	2
<b>TOTAL</b>	<b>3</b>	<b>\$12,000.00</b>	<b>2</b>

## NEWBERRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	0	2
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>2</b>

## OCONEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Health/Medical	1	0	0
Life Insurance	1	\$6,000.00	0
Personal/Commercial Property	1	0	0
Workers' Comp	4	0	1
<b>TOTAL</b>	<b>7</b>	<b>\$6,000.00</b>	<b>1</b>

## ORANGEBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	8	\$7,493.61	3
Health/Medical	1	0	0
Life Insurance	1	\$2,000.00	0
Personal/Commercial Property	4	0	1
Premium Fraud	1	0	0
<b>TOTAL</b>	<b>15</b>	<b>\$9,493.61</b>	<b>4</b>

## PICKENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	3	0	2
Disability	2	\$16,406.48	2
Health/Medical	1	0	1
Other	2	\$5,000.00	1
Workers' Comp	5	\$122,000.00	1
<b>TOTAL</b>	<b>13</b>	<b>\$143,406.48</b>	<b>7</b>

## RICHLAND COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	44	\$56,859.35	13
Disability	1	0	0
Health/Medical	13	\$517,027.92	6
Life Insurance	2	\$3,000,000.00	2
Other	2	\$55,125.63	1
Personal/Commercial Property	9	\$37,902.86	1
Premium Fraud	3	\$3,274.38	0
Workers' Comp	5	0	0
<b>TOTAL</b>	<b>79</b>	<b>\$3,670,190.14</b>	<b>23</b>

## SALUDA COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	1	\$1,173.43	0
<b>TOTAL</b>	<b>1</b>	<b>\$1,173.43</b>	<b>0</b>

## SPARTANBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	14	\$9,273.81	2
Disability	2	\$1,134.35	2
Health/Medical	1	\$8,584.72	0
Life Insurance	2	\$25,000.00	0
Personal/Commercial Property	4	0	1
Premium Fraud	1	0	1
Workers' Comp	3	0	0
<b>TOTAL</b>	<b>27</b>	<b>\$43,992.88</b>	<b>6</b>

## SUMTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	12	\$1,993.00	8
Life Insurance	1	\$10,000.00	1
Other	1	0	0
Personal/Commercial Property	5	\$181,000.00	2
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>20</b>	<b>\$192,993.00</b>	<b>11</b>

## UNION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	2	0	1
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>1</b>

## WILLIAMSBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	7	0	1
Health/Medical	1	0	0
Other	1	\$1,390.83	1
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>10</b>	<b>\$1,390.83</b>	<b>2</b>

## YORK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	8	0	1
Health/Medical	4	\$42.00	1
Other	1	0	1
Personal/Commercial Property	3	0	1
Premium Fraud	1	0	1
Workers' Comp	3	0	1
<b>TOTAL</b>	<b>20</b>	<b>\$42.00</b>	<b>6</b>

## UNKNOWN/OTHER/OUT OF STATE

Type of Fraud	Number of Complaints	Total Amount Reported	2007 Complaints Pending
Automobile	7	\$719.00	0
Health/Medical	3	0	0
Other	4	\$4,250.00	0
Personal/Commercial Property	1	\$20,000.00	0
Workers' Comp	2	\$85,954.85	0
<b>TOTAL</b>	<b>17</b>	<b>\$110,923.85</b>	<b>0</b>

# 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."

**§ 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 five 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 one thousand dollars but less than five 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 magistrate's court if the amount of the claim is one thousand dollars or less. Upon conviction, the person must be fined or imprisoned not more than is permitted by law without presentment or indictment by the grand jury.

**§ 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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