



Pro-File

Workplace and safety tips brought to you by the insurance specialists at Colburn Group.

## DID YOU KNOW?

Financial trouble has led to increased incidents of fraud in the workplace. Employees are becoming paranoid about losing their jobs and are stealing either as a way of getting back at their employers or to establish a financial cushion. In addition, layoffs are leaving huge holes in internal control systems that once caught this type of behavior.



## Fraudulent Claims are on the Rise

As the economy continues to suffer, many employers report an increase in fraudulent employee workers' compensation insurance claims. The National Insurance Crime Bureau (NICB) also reports a 71 percent increase in workers' compensation claims during the first quarter of last year and a 47 percent increase in disability claims. Watch for the following red flags of workers' compensation fraud in your workplace:

- Accidents/incidents reported immediately prior to a layoff, strike, closing, termination or job completion
- Injuries reported by those who are about to retire
- Employee delaying or refusing to have his/her injuries diagnosed to confirm an injury
- Conflicting descriptions of accidents in the employer's report and medical evaluation
- Injuries inconsistent with the nature of the business or job tasks
- Date, time and place of accident are unknown, or report of an injury is not immediate
- Employee cannot recall details of the injury
- No witnesses are available to discuss the incident.

## Desperate Times... Fraudulent Employee Measures

As layoffs continue to be prevalent, many employees are resorting to theft to cushion their personal reserves. Employees may also be tempted to steal from their employers out of resentment as a way to reap compensation for doing added work that was once completed by now terminated employees. In addition to stealing money, employees may take electronics, food or conduct personal business on company time (known as "time theft"). To prevent these types of activities:

- Increase the frequency of your internal audit process.
- Increase the oversight of your employees.
- Reconcile bank statements immediately.
- Add surveillance cameras. To avoid damaging employee morale, do this conspicuously and tactfully.
- Establish a fraud hotline for employees to call and report suspicious behavior.