

CONSTRUCTION INDUSTRY

# TAX FRAUD DESTROYS COMMUNITIES

## CONSTRUCTION INDUSTRY INSURANCE FRAUD



**CONSTRUCTION WORK IS DANGEROUS AND INJURIES HAPPEN. RESPONSIBLE CONTRACTORS PROTECT THEIR EMPLOYEES BY HAVING WORKERS' COMPENSATION INSURANCE. THEY SHOULDN'T BE PUNISHED FOR HAVING IT — BUT TOO OFTEN THEY ARE BECAUSE OF RAMPANT INSURANCE FRAUD.**

### WHAT IS WORKERS' COMPENSATION INSURANCE PREMIUM FRAUD?

A growing number of construction companies don't report their full payroll to their workers' compensation insurers in order to illegally lower their premiums. That's insurance fraud.

Regrettably, it doesn't stop at insurance fraud. Much of the time insurance fraud is accompanied by tax fraud in construction, which robs our state and federal governments of at least \$8.4 billion a year.

### IT'S INTENTIONAL

Insurance fraud gives law breakers a leg up when bidding against honest businesses that don't cheat. Frequently, corrupt contractors use law breaking subcontractors or labor brokers to shield themselves from accountability. There are many cases where crooked insurance brokers, shell companies and check cashing stores are used to launder unreported cash pay to workers.

### IT'S NOT SMALL

Insurance fraud impacts all of us. Here are just some of the yearly reported losses in workers' compensation premiums due to construction industry insurance fraud:

### WORKERS' COMP PREMIUM LOSSES

- › Nationwide \$2 billion
- › Illinois \$34.8 million
- › California \$264 million
- › Tennessee \$296 million

### INSURANCE FRAUD HARMS WORKERS, FAMILIES, TAXPAYERS AND LAW-ABIDING CONTRACTORS

Seriously injured workers get treatment that they don't have coverage for, and those unpaid medical costs are passed along to their families and to the rest of us. In addition, insurance companies recover their fraud losses by raising premiums for responsible contractors, making them even less competitive against the cheaters.

### How You Can Help

You can help protect construction workers and their families:

- › Support honest contractors and fair competition
- › Hold corrupt contractors accountable for using crooked subcontractors or labor brokers
- › Support law enforcement
- › Talk to colleagues about this problem
- › Stay informed, visit @StopTaxFraud on Facebook & Twitter and 'Stop Tax Fraud' on YouTube