

Farmers Insurance Exchange and Affiliates File Lawsuit

Los Angeles, Calif. (December 16, 2014) – Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Civic Property & Casualty Company, Mid-Century Insurance Company, and Neighborhood Spirit Property & Casualty Company (collectively referred to as “Farmers”) have filed a lawsuit in Orange County Superior Court against two durable medical equipment companies, their owners and others, alleging they submitted false and fraudulent insurance claims for medical devices to Farmers. The detailed civil complaint seeks statutory penalties and assessments of more than \$5 million against the various defendants for filing false workers’ compensation claims, under the California Insurance Frauds Prevention Act (Insurance Code §1871.7), and an order directing Defendants to cease and desist from engaging in alleged improper billing practices.

The lawsuit alleges that the defendants engaged in a complicated scheme that was designed to take advantage of Farmers and the workers’ compensation system, in at least 155 fraudulent claims. As alleged in the complaint, the defendants knowingly charged a rental price for the durable medical equipment that exceeded the manufacturer’s suggested retail price, which is prohibited. It further alleges that the defendants paid doctors an incentive to write prescriptions, including back-dated prescriptions and prescriptions where the duration was blank, so that the defendants could bill continuously.

“Fraud is not a victimless crime, it affects us all. Farmers continues to take aggressive action against those submitting false insurance claims to protect customers and stop fraud,” said Sean Zavala, Director of Special Investigations for Farmers Insurance. “Our Special Investigative Unit is trained to detect this type of alleged fraud and prepared to protect the public by filing cases to stop it from continuing.”

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