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Perspective

Help Protect Your Company From Fraudulent Unemployment Claims

We've all seen the email from the foreign prince asking us to wire him money to leave the country in exchange for a portion of his fortune. Or, been told by a "government agency" that you owe them money and to pay them with gift cards or hand over personal information. Unfortunately, criminals are always out there looking to take advantage of unwitting victims.

You, like many employers across the country, may be seeing an increase in fraudulent unemployment claims. If you aren't watching your claims and charges closely, you may be paying too much and your employees could potentially fall victim to identity theft. At a time when your unemployment tax rates are likely going to rise, how can you be sure you aren't paying for unemployment claims that aren't really yours?

MORE THAN \$87.3 BILLION COULD BE PAID OUT IMPROPERLY WITH A SIGNIFICANT PORTION ATTRIBUTABLE TO FRAUD

DEFINING UNEMPLOYMENT FRAUD

A fraudulent claim is when someone files for unemployment benefits using another person's information. The victim could either be someone who never worked for the company or is still actively employed at the company. These false claims typically increase when the state workforce agencies are overwhelmed with volume. Lately, there has been a rise during the pandemic and natural disasters. This is often seen during recessions as well.

Fraudulent claims have always been around. However, during the pandemic, the Labor Department inspector general's office estimated that more than [\\$87.3 billion](#) could be paid out improperly with a significant portion attributable to fraud. As the states tried to deal with high volume from the recent pandemic and get benefits out quickly, it helped open the door for fraudsters to take advantage of an already overwhelmed system.

EMPLOYER PREVENTATIVE MEASURES

There are ways you can help prevent fraudulent claims, or at least try to catch them earlier before they cost you too much. Here are a few steps you can take:



Keep Your Workforce Informed - Awareness and visibility into the current high rate of unemployment fraud occurring can help stop fraudulent claims. Ensure your employees know what to look for. Communicate within your organization and ask employees to report any fraudulent benefits claims to your Human Resource department.



Scrutinize EVERY Claim - Is this someone who even worked for you? If so, have they been separated? If not, respond! If they did, respond with the details. If in doubt, reach out to that person's manager.



Verify Benefit Charge Statements - Fraud can be easily overlooked because often there are small details missed. Make sure you are double-checking every single benefit charge statement line item to verify the accuracy of each claim.

YOU FOUND A POTENTIALLY FRAUDULENT CLAIM...NOW WHAT?

Well, it happened. You found a claim that you think or know isn't valid, so what should you do now?



Notify Individuals - If you see any potentially fraudulent claims come through in any of your employees' names, the Human Resources department should notify the individual immediately.



Report Fraudulent Activity to the State - Follow your state's procedures for reporting fraudulent claims using the Department of Labor's [employer fraud contact information](#).

- Monitor for a decision from the state confirming fraud - if they don't, appeal.
- Monitor and protest any benefit charges as a result of the claim.



Coordinate With Your Unemployment Claims Team - If you have an unemployment claims strategic service provider, reach out to them to make sure they are aware and help you take the proper steps to report the fraud quickly.

EMPLOYEE WATCH OUTS AND WHAT TO DO

Employees may find out there are false claims in their name if they come across one of the following:

- They are notified by their state's unemployment benefits office about a claim in their name.
- They receive a Form 1099-G listing their unemployment insurance benefits when they never filed.
- The employee actually becomes unemployed and tries to file, only to be told they have already been receiving benefits.

As an employer, you can help your employee fight the fraudulent case. Share the following steps with anyone who thinks they are the victim of unemployment insurance fraud.



Report the Incident to the FTC - Visit <https://identitytheft.gov/> managed by the Federal Trade Commission to report an incident and start making a recovery plan.



Contact Local Authorities - Contact their local police department to file a report about the fraudulent claim(s).



Notify the State - Report the incident to the state where the false claim was filed. The Equifax Unemployment Claims Management team has compiled this [state-by-state guide](#) for quick reference.

NEXT STEPS

Staying vigilant is key to helping protect your organization from these criminals who seek to raise your unemployment costs in a time when you can least afford it. Learn more by listening to The Workforce Wise™ Podcast episode on ["Why Unemployment Benefit Charge Checking Shouldn't be Overlooked."](#)

If you would like to learn more about how organizations like yours are working to help improve their workflows, better mitigate their risk, and even help lower costs of unemployment claims, contact one of our specialists to see how we can help [reduce the burden on your team](#).