

INDICATORS OF VEHICLE PD FRAUD

Individuals & Professionals Involved/Circumstances & Docs Detection—The First Line of Defense

PART 1 OF 2

MOST claims are legitimate, but some are fraudulent.

Therefore, it is appropriate to review all claims for possible fraud. Detecting fraud is aided by familiarity with industry identified fraud indicators.

INDICATORS assist in the identification of claims which merit closer scrutiny. The presence of an indicator (or several indicators) do not prove fraud. Indicators of possible fraud are not actual evidence, they only “indicate” the need for further investigation.

SOME claims, although questionable, may be paid due to a lack of conclusive evidence of fraud. However, they should be submitted as questionable claims to NICB for further review.

DOUBLE asterisk (**) indicates the possibility of organized group activity.

For additional information on the following indicators, please see the NICB’s Interactive Indicator Guide. This Guide is a software application providing the concern associated with each indicator as well as suggested resolution steps. The Interactive Indicator Guide is

available from the NICB Document Download Center (nicbdocs.org).

Initial Indicators: Usually identified in the initial/early processing of the application or claim.

Subsequent Indicators: Usually identified as the application or claim

processing continues. May also suggest areas of additional inquiry.

When viewed as a PDF, utilization of the bookmark function will provide the ability to choose an indicator topic or Control F can be used to rapidly locate specific key words within the indicators (e.g. address, receipts, police, etc.).

Automobile Accident Scheme Indicators (Initial)

- Accident caused by sudden or unwarranted stop or lane change. **
- Accident occurs shortly after one or more of the vehicles were rented, purchased or registered. **
- Physical damage claim is extensive and expensive, but only minor, subjectively diagnosed injuries, with little or no medical treatment. **

- Police report is not made in situations where police would normally investigate or an over-the-counter report for an accident resulting in multiple injuries and/or extensive physical damage. **
- Single car accident, late at night, in remote location, with no witnesses. **
- Tow truck driver arrives at accident scene unsolicited.
- Tow truck driver refers vehicle owner to repair shop, attorney and/or doctor. **
- Vehicle remains drivable, despite extensive damage claims (sometimes w/injuries). Often there are no towing charges for removing vehicle from the scene of the accident. **

Automobile Accident Scheme Indicators (Subsequent)

- Facts regarding the accident are the same from each party, in many cases using the same exact wording. **
- Parties involved cannot remember why or where they were going, where they were coming from and why other passengers' stories are different. **
- Prior insurance coverage cannot be identified, although damaged vehicle was purchased much earlier than inception of policy and date of loss..

Claim Indicators (Initial)

- Accident description suggests possible "set up" scenario. **
- Damage is alleged to have been repaired prior to vehicle being inspected or alleged to have paid large bill in cash, but has no receipt or one that appears altered. **
- Hit & run accident that was unwitnessed.
- Inspection or viewing of property or auto can't be done because the property or auto is unavailable.
- Location of accident is on private property with no accident report taken. **
- Locations involved in the claim are numerous (e.g. loss in one state, policy in another, and address in a third state). **
- Loss occurs soon after moving into area or acquiring insurance coverage. **
- Phone numbers and contact numbers are different for driver/owner than named insured.
- Police report for the vehicle accident was taken over the telephone or via walk-in with no on scene investigation. **
- Police report not filed or filed late & police did not respond to the scene. **
- Police report shows the vehicle driver/owner is someone other than named insured on policy.
- Receipt or invoice shows that the item was returned to the manufacturer after insurance inspection. **
- Receipts for "add-ons" not available while in the insured's ownership.
- Seat or seats of vehicle are reported stolen or cut.
- Vandalism on every panel (to get an entire repaint, instead of the damaged panels, the insured will cause damage to every panel).

Claim Indicators (Subsequent)

- Address provided has a history of claims payments.
- Agent is not informed of the vehicle loss by the insured (the agent may know the true value/condition/number of add-ons).
- Claim investigation indicates the vehicle was being used in racing or speed competitions.
- Loss covered by a personal lines policy appears to have occurred during a commercial business activity.
- Parking space (involved in a hit while parked claim) is obstructed from view (witnesses, surveillance cameras, etc.).
- Police report information concerning the vehicle owner, address, work info, contact info, etc. differs from that on the application, policy or claim notice.
- Prior claim connections between involved parties and witnesses. **
- Receipt number is out of sequence with other receipts from that time and/or tax rate is incorrect for that county.
- Same estimator's name appears consistently on similar losses from same shops with high estimates. **
- Tire skid marks not present at the accident site (involving a hit while parked claim) indicating a vehicle braked before or during a collision.
- Vehicle/Structure was in poor condition prior to the claim (e.g. bad motor, transmission, roof, siding).
- Vehicles of insured and claimant are similar (e.g. old cars, old damages, high mileage, purchased or registered out of state or area, recent insurance coverage, both cars are older model luxury cars, etc.). **
- Witness has similar vehicle claims history. **

Claim Reporting Indicators (Initial)

- Delay in reporting loss with excuses for not reporting immediately. **

Damage Indicators (Initial)

- Damage/Paint is "keyed" on every section of the bike/vehicle. Frequently a word is carved into one of the sheet metal panels. Some scams involve spraying paint remover instead of keying.
- Damages/Loss occur prior to any inspection.
- Location of the insured property was not located in major damaged (caused by a storm or other event) area.
- Storm causing damage was random and/or unreported.

Damage Indicators (Subsequent)

- Damage appears to be intentionally caused. **

- Damage inspection reveals the damage to the vehicle(s) or property may have been enhanced. **
- Damage to claimant vehicle shows evidence that it pre-existed the accident. **
- Damage to the insured's vehicle (involved in a hit while parked claim) is too excessive for the striking vehicle to leave without assistance.
- Damage to the vehicle that is unrepaired (or shoddy repairs) is revealed during the claim investigation.
- Damage to the vehicle was observed prior to report by insured.
- Damage to vehicle (involved a hit while parked claim) wheel(s) indicates the vehicle was in motion when the collision occurred and not parked (circular damage going around circumference instead of horizontal damage as when wheel is not in motion).
- Damage to vehicles is inconsistent with accident facts. **
- Damages to "struck" vehicle far more substantial than those to "striking" vehicle. **
- Damages/Losses presented by one or more parties are inconsistent with facts of loss/accident (lack of injury, damage causing mechanism, etc.).
- Debris is missing (applies to either vehicle) or the spread pattern of the debris is not consistent with a moving vehicle striking a parked vehicle (involved in a hit while parked claim).
- Height or texture of damage of insured vehicle (involved in a hit while parked claim) inconsistent with being impacted by another vehicle.
- No other or very few homes, businesses or vehicles/vessels were damaged or destroyed in the affected area.
- Presence of foreign material in damaged area on insured vehicle (involved in a hit while parked claim) not consistent with being struck by another vehicle (e.g. wood splinters, concrete particles, parking barrier reflecting paint, etc.).

Individual/s Involved Indicators (Initial)

- Abusive and threatening language is used if claim is not proceeding as they expected, then may reverse emotions and try to endear themselves. **
- Accept an inordinately small settlement rather than document all claim losses.
- Address in ISO shows prior, similar claims submitted by the insured. **
- Cannot be contacted by phone, cell phone or voicemail. **
- Documents that appear altered are provided.
- History of prior claims (often of similar type losses). **
- Identification cannot or will not be produced (e.g. driver's license), or has a temporary, recently issued, or out-of-state driver's license/state identification card. **
- Identified in previous NICB Questionable Claims. **
- Insured involved in previous auto physical damage claims/hit while parked claims.
- Insured or repair facility takes an unusual interest in the claims handling process. **
- Knowledge of insurance terminology and processes. **
- Mail and/or telephone avoided; provides all documents and handles all business transactions in person. **

- Not cooperative or forthcoming during interviews.
- Offers inducement for quick settlement of the vehicle claims.
- Overly pushy, aggressive or demanding for a quick, and sometimes reduced settlement (possibly to avoid providing additional documentation).
- Owner of vehicle or facility is difficult to contact (e.g. voice mail picks up) but calls back immediately. **
- Phone number is not provided or states they do not have a home telephone or cellular phone and/or they will contact the adjuster or agent. **
- Previous connections are denied by the parties, but they are associated in prior claims.
- Recovered vehicle/vessel by someone known by insured.
- Selective memories on some facts and cannot remember simple issues that would be common to remember. **
- Social media pages reference fraudulent or deceptive behavior.
- Spokesperson is the same for multiple persons. **
- Threatens adverse publicity unless claim is settled quickly.
- Uncooperative in documenting the loss. **
- Unusually familiar with insurance terms or procedures such as - medical terminology, workers compensation claim handling procedures and laws, vehicle repair terminology, coverage and special limits. **
- Vague on the actual facts of the loss or has discrepancies in the facts of loss.
- Wants to retain title & salvage on total loss where repairs appear unfeasible. **
- Witness is over eager and is too willing to be involved and/or accept blame for an accident. **
- Witness is/are relatives or friends of insured/claimant. **
- Witness version of loss does not coincide with facts of loss as presented. **
- Witnesses are relatives and the only ones who can verify the facts of loss and no police report was made. **

Individual/s Involved Indicators (Subsequent)

- Appointments for statements and EUO's are avoided and/or canceled.
- Auto repair, dealer or salvage business owned and/or operated by the insured. **
- Employment history does not support value of accessories in vehicle (\$5,000-\$50,000).
- History of speeding tickets from law enforcement.
- Insured cannot provide supporting documentation to explain the reason for being parked in the location where the accident/damage occurred (store receipts, etc.).
- Issued tickets for illegal modifications to the vehicle.
- Meetings with investigators and/or claims adjusters for interviews or viewing damage are avoided. **
- Multiple identities and/or social security numbers. **
- Party or parties involved may be employed in professional law office, clinic, billing service organization or check cashing agency. **

- Recent financial hardship.
- Witness appears to be involved in another case (sometimes with the insured/claimant) or as the insured or claimant. **

Policy or Coverage Indicators (Initial)

- Accident occurred after the addition of comprehensive and collision coverage to the policy and/or a decrease in deductible.
- Agent is contacted to verify coverage or extent of coverage or to increase coverage just prior to loss date.
- Coverage is for minimum liability with full comprehensive coverage on late model and/or expensive vehicle/vessel. **
- Excluded drivers on policy.
- Losses occur just before/after coverage takes effect, just before it ceases, just after it has been increased, or after a cancellation notice has been sent.
- Recent policy coverage lapse and reinstatement prior to reported loss.
- Recent policy surcharge due to "at fault" losses.

Repair Facility/Contractor Indicators – General (Initial)

- Bills are submitted weeks or months after the work was done. **
- Contractor/PA completed inspection (or inspections) prior to the adjuster arriving.
- Contractor/PA/repairer refuses to answer simple questions from the adjuster and only wants to respond to questions in a written format.
- Employees of repair facility/contractor uncooperative with insurance company representatives. **
- Owner/Employees avoid producing paperwork for claim(s) in question. **
- Receipt provided by the repair facility/contractor has incorrect or no sales tax on. **
- Repair facility/contractor charges for items not customary in the market/geographical area (e.g. shop materials, markup on OEM parts, labor tax when not collected in that area). **

Repair Facility/Contractor Indicators – General (Subsequent)

- Contractor/PA has out-of-state phone number and/or out-of-state vehicle license plates.
- Contractor/PA insists on inspecting property without the insured or adjuster present.
- Deductible is waived or offers vehicle owner any form of financial compensation to repair vehicle.
- Equipment to adequately complete repairs is not present. **
- Local Better Business Bureau has record of consumer complaints. **
- Name of repair facility or contractor business changes frequently or high turn around in shop owners. **
- Operation is "mobile" with no fixed location. **
- Owner/Employees avoid appointments for interviews. **

- Owner/Employees avoid appointments for site/facility inspection. **
- Similar claims (often involving the same contractor or repair facility) are coming from the same neighborhood or circle of friends or car club. **
- Site visit or other means verifies the facility address as a mail drop or shell/sham/ghost shop (usually in a rural area). **
- Substandard, incomplete repairs are billed for. **
- Supplemental repair estimates for damage not noted by the original adjuster are often submitted. **

Repair Facility/Contractor Indicators – Vehicle (Initial)

- Attachments or "kits" are charged for excessively often. **
- Estimate has line items are "left blank" or "open".
- Fees for towing, storage or repair rates are excessive.
- Location of repair of vehicle is inconvenient for the owner. **
- Repair facility frequently states vehicle is not ready for inspection or requires an appointment to inspect vehicles at the shop. **
- Salvage yard or repair garage takes unusual interest in claim/vehicle. **

Repair Facility/Contractor Indicators – Vehicle (Subsequent)

- Agent/producer linked in other claims with body shops, clinic or attorney's office. **
- Bills all seem to have the same miscellaneous vehicle repair charges. **
- Bills from the facility are nearly always for the maximum allowable amount of vehicle repairs. **
- Body shop employees or owners have been known to provide referrals and/or transportation to the attorney's office or a medical clinic. **
- Body shop employees or owners have personal claims with attorney or clinic. **
- Damage shows signs of being enhanced at the vehicle body shop (e.g. fresh key marks continuing from old key marks, paint flakes or glass fragments on ground at body shop). **
- Estimate for repair has prior, unrelated, undamaged items included.
- Estimates from the repair facility are "blank and/or open".
- Fees or rates for storage and/or repair are not posted in clear view of customers.
- Link established between attorneys, clinics, participants, car rental agencies and body shops with various claims. **
- Owner or employee of the repair facility was prior owner of vehicle under repair. **
- Performance shop for vehicles has one price for the individual and a higher price is billed to insurance company. **
- Receipts from a vehicle repair shop a long distance from the insured's/claimant's residence. **
- Repair facility requests only a certain adjuster/estimator to inspect vehicles. **
- Repair shop chosen by the insured charges the highest hourly rate.
- Repaired at a shop that is far away from the insureds/claimant's residence.

- Tow truck company will only tow vehicle to a specific repair facility.
- Vandalism claims/repairs are frequently handled by same body shop. **
- Vehicle hidden or positioned in any manner so adjuster cannot take full pictures or conduct a complete inspection of vehicle. **
- Vehicle repair shop has small inventory and high sales/receipt volume. **

Vehicle and/or Vessel Indicators (Initial)

- Airbag was deployed, however the insured is stating the vehicle was parked when the damage occurred.
- Both vehicles from the same accident are repaired at the same facility. **
- Expensive, luxury vehicles are used for losses. **
- Garage or other available protective cover not used.
- Images or documents submitted in support of claim have been replicated (submitted under multiple claims, copied from the Internet).
- Images or documents metadata reflects image or document manipulation.
- Images or documents metadata reflects conflicting date/time of loss.
- Purchased very recently. **
- Teenage children in household and vehicle is modified to fit teenage taste, but teens are not listed as primary/main drivers.
- Theft, claims and/or salvage history. **
- Towed to isolated yard at owner's request. **
- Vehicle involved in multiple accidents (moving or stationary) and the vehicle was repaired at the same auto repair facility on more than one occasion. **
- Vehicle is not to be repaired locally (in some instances driven or shipped out of state for repair). **
- Vehicle or vehicles are not available for inspection (images may be submitted in lieu of inspection). **

Vehicle and/or Vessel Indicators (Subsequent)

- All vehicles in a reported accident are taken to the same body shop or shops that may be owned by the same person(s). **
- Engine reported stolen but vehicle computer is still in vehicle.
- Registered to individuals not on the application or policy. **
- Repairs to the vehicle/vessels are completed and/or damaged parts removed before damage can be inspected. **
- Salvaged vehicle is involved in the accident. **
- Service bulletins or recalls have not been issued for vehicle from the manufacturer prior to the fire.
- Vehicle is "standard" (no modifications or customization) before claim and after repairs, it has custom paint and/or ground effects.
- Vehicle was recently purchased in an "as is" condition.
- Vehicle was waxed or buffed shortly after the alleged damage occurred.

Work Performed and Supporting Documentation Indicators – Vehicle (Initial)

- Damage in photos appears simulated (chalk, dropped bumpers, removed taillights,

etc.). **

- Delays sending the estimate and photos to the insurer.
- Disassembly of vehicle is prior to inspection or authorization by the insurer. **
- Estimate has incomplete vehicle information. **
- Estimate inconsistent with incurred damages. **
- Photographs of the vehicle taken prior to the vehicle going to the repair facility do not match the photographs submitted by the repair facility after vehicle arrival. **
- Photos of damage before tear down are not provided. **
- Photos of damaged area are low quality or no photos of damaged area are provided. **
- Software is not used for the estimate and the repair facility writes out damage manually.

Work Performed and Supporting Documentation Indicators – Vehicle (Subsequent)

- Billing or charging for replacement of glass or any parts that were not replaced but repaired. **
- Charging for repairs on the final invoice that were not authorized or disclosed prior to the completion of repair.
- Electronic record of "Preliminary Estimate" not finalized or closed in vendors' database.
- Final repair costs are much higher than original repair estimate.
- Insurer not informed of any deviation from the original estimate regarding parts, glass or any difference in price from what is specifically identified on the original estimate (includes usage of OEM, After Market or Used parts).
- Invoices for parts, materials, sublet repairs cannot be produced or verified. **
- Invoices/Receipts for parts supplied have indication that the parts were returned and not used in the repair. **
- Manual overrides are excessive when using electronic estimating systems. **
- Payment for claim/repair is personally delivered by insurance company employee. **
- Payment for claim/repair is picked up in person by the repair facility. **
- Receipts do not have repair facility name or logo. **
- Repair bills are consecutively numbered or dates show work accomplished on weekends or holidays. **
- Supplemental estimate activity is higher/lower than average for similar volume facilities in area. **
- Supplemental orders for smaller dollar amounts not submitted to insurer for payment (perhaps in an effort to avoid drawing attention to previous, larger fraudulent billing).
**
- Towing company use indicates patterns of potential collusion or fraud. **
- Towing fee added to the invoice is higher than the average fee charged by similar repair facilities in the area.
- Work has not been done according to specifications in the final invoice.