

# INDICATORS OF PROPERTY FRAUD

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

### PART 1 OF 3

**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](http://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.).

### Attorney or Public Adjuster Indicators (Initial)

- Attorney (or public adjuster) reports claim to insurance company.\*\*
- Attorney/Public Adjuster uncooperative with the insurance company representative.\*\*
- Attorney/Public Adjuster will not let the insured cooperate early in the claim process.\*\*
- Cleaning estimate is on the attorney's letterhead. \*\*
- Early involvement by the attorney in the claim process. \*\*

- History of attorney disciplinary actions or has been the subject of NICB ForeWarn Alerts. \*\*
- Insured states the signature on the letter of representation is not theirs. \*\*
- Legal action or additional legal action is threatened by the attorney unless a quick settlement is made early in the claim process.
- Public Adjuster tells insurance company inspector/adjuster that they are not permitted to speak to the insured as a result of legal representation. \*\*
- Representation is contacted/obtained immediately after the accident/incident/loss is reported. \*\*
- Staff of the attorney are from other offices you are familiar with (due to previous questionable claims). \*\*
- Unsolicited contact by a public adjuster very soon after the storm/event. \*\*

### **Attorney or Public Adjuster Indicators (Subsequent)**

- Attorney/Public Adjuster does not advise the insured of the settlement dollar amount or that the claim was denied. \*\*
- Attorney/Public Adjuster pays clients for additional referrals. \*\*
- Non-attorney or public adjuster performs attorney functions (duties more related to legal functions, which a licensed attorney should perform). \*\*
- Non-attorney, non-public adjuster performs attorney or adjuster functions. \*\*
- Public Adjuster convinces insured to retain attorney for representation of claim. \*\*
- Public Adjuster uses non-licensed persons to perform public adjuster activities requiring a license. \*\*
- Public Adjuster, cleaning company, etc. often associated with the same law office. \*\*
- Public Adjuster/Insured refuses to allow re-inspection.
- Relationship is established between a specific public adjuster and contractor or cleaning company and/or law firm on numerous questionable claims. \*\*
- Staff of the attorney handles claims and attorney is rarely or never seen at the office. \*\*

### **Burglary/Theft Indicators (Initial)**

- Claims burglary was due to their absence being posted on social media but their public social media pages don't indicate any out of town activity.
- Contents (especially if expensive) claimed to be in vehicle/vessel at time of theft (with or without receipts).
- Items stolen from a vehicle while on a short trip are inconsistent with the purpose or duration of the trip (e.g. going to the local shopping mall and claiming blenders, multiple purses, etc.).
- Looting after a storm/weather event resulted in a theft claim.
- Losses are questionable (e.g. home stereo stolen out of car, fur coat stolen on trip to Hawaii).
- Losses include numerous appraised items and/or items of scheduled property.



- Losses include the theft of numerous family heirlooms.
- Report of theft was not made to authorities (e.g. police, landlord, property manager, etc.).
- Theft losses include total contents of business/home including items of little or no value.

### **Burglary/Theft Indicators (Subsequent)**

- Lack of security, after a storm or event, in the area (resulting in theft).
- Previous theft loss reported to police, but an insurance claim was never made.

### **Claim Indicators (Initial)**

- Cash was used to purchase all claimed items.
- Commercial losses that primarily involve seasonal inventory or equipment, and that occur at the end of the selling season (e.g. a ski inventory loss in the spring or a farm machinery loss in the fall).
- Damaged property disposed of or repaired before adjuster can view damages.
- Documentation showing the cleaning (related to the storm/event or other loss causation) was done cannot be provided.
- Extensive losses without physical evidence, photographs or documented receipts.
- High-value items claimed as destroyed or stolen, with no documentation.
- Images of claimed property instead of receipts. \*\*
- Images of property as proof of ownership appear unusual (e.g. pictures of just the piece of jewelry or pictures that appear to be taken in a store or copied from the internet, etc.).
- 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.
- Inspection or testing of the items that allegedly caused the loss cannot be done because the items are not available.
- Inspection or viewing of property or auto can't be done because the property or auto is unavailable.
- Inventory of losses differs significantly from police department's crime report.
- Inventory of losses indicates unusually high number of recent purchases.
- Items lost that are identical are claimed under different policies or with a different insurance company.
- Items lost were new.
- Items lost were purchased at an auction, but insured is unable to provide auction details (e.g. location, hours, etc.) or documentation of purchase.
- Items lost were unopened in boxes, especially electronics.
- Locations involved in the claim are numerous (e.g. loss in one state, policy in another, and address in a third state). \*\*
- Loss at the same site within the preceding year.

- Loss occurs soon after moving into area or acquiring insurance coverage.\*\*
- Losses are over documented with a receipt for every loss and/or receipts for older items of property.
- Losses include a large amount of cash.
- Phones are reported lost or stolen, but unable to provide corresponding phone numbers.
- Receipt name and address does not match insured's name and/or address.
- Receipt originals, bank or credit card records not available and/or has lack of documentation (e.g. owner's manual, etc.) for loss/damaged property, recently purchased items, and high valued items. \*\*
- Receipt with more than one handwriting style or typeface.
- Receipt(s) with no store logo (blank receipt).
- Receipts (credit card) with incorrect or no approval code.
- Receipts allegedly from different suppliers/stores with same handwriting or typeface.
- Receipts are handwritten with misspellings.
- Receipts are provided for inexpensive items, but no receipts for items of significant value.
- Receipts from same supplier with sequence numbers in reverse order of purchase date.
- Receipts/invoices from same supplier that are numbered in sequence.
- Recently purchased/rented property or dwelling. \*\*

### Claim Indicators (Subsequent)

- Absence of family pet at time of fire.
- Absence of family photographs, heirlooms or items of sentimental value.
- Absence of individual or family at time of the incident when someone would normally be present.
- Absence of remains of items claimed and normally found in a home or business.
- Address provided has a history of claims payments.
- Area by a storm or event was not evacuated.
- Building and/or business were recently purchased before the fire.\*\*
- Building and/or contents or vehicle/vessel were up for sale at the time of the loss/fire.
- Business or insured is experiencing financial difficulties (e.g. bankruptcy, foreclosure).
- Carpet does not have any indentations from alleged large furniture or appliances.
- Claims damage from a previous loss that was unrepaired.
- Commercial losses include old or non-saleable inventory or chemicals/materials they are not licensed to possess.
- Expenses submitted (related to the storm/event/loss such as dry cleaning, food bills, etc.) from businesses who are not in the same geographical area as the insured's residence.
- Fire site is claimed by multiple mortgages or chattel mortgages.\*\*
- Items claimed do not match individual's life-style, decor, house, occupation or income.

- Items claimed lost/damaged are found in the residence, but the insured claims to own more than one of the claimed lost/damaged item (e.g. two Play Stations, two laptops, two identical pieces of furniture, etc.).
- Landlord claims tenant's contents.
- Location of loss has been subject of code violations and/or is not approved for use or occupancy.
- Location of loss not actively serviced by utilities.
- Location of loss/risk houses individuals not covered by the insured.
- Neighbors, friends and family are not aware of loss or claim.
- Police report doesn't reflect a forced entry, but the insured provided evidence of forced entry after the fact.
- Prior claim connections between involved parties and witnesses. \*\*
- Property is in default or foreclosure.
- Property was in poor condition prior to loss.
- Property/residence involved appears to have been vacant prior to the loss. \*\*
- Rental property that is vacant but claimed as primary residence.
- Size of items claimed cannot physically fit in existing floor space.
- Tenants of the landlord are unaware of any damage or an insurance claim being made.
- Vehicle/Structure was in poor condition prior to the claim (e.g. bad motor, transmission, roof, siding).

### **Claim Reporting Indicators (Initial)**

- Delay in reporting loss with excuses for not reporting immediately. \*\*
- Initial damage report and claim from storm/event appears to have been significantly delayed. \*\*
- Insured does not personally report the claim to the insurance company.

### **Damage Indicators (Initial)**

- Damage includes entire property rather than isolated to one part or area of the property. \*\*
- 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.
- Weather damage inconsistent with the claimed loss and/or claimed causation (e.g. wind damage without high speed winds reported).

### **Damage Indicators (Subsequent)**

- Damage inspection reveals the damage to the vehicle(s) or property may have been enhanced. \*\*

- Damages/Losses presented by one or more parties are inconsistent with facts of loss/accident (lack of injury, damage causing mechanism, etc.).
- Documentation confirming prior damage has been repaired cannot be provided by owner.
- No other or very few homes, businesses or vehicles/vessels were damaged or destroyed in the affected area.
- Roofs (having damage) of neighbors are repaired, but insured's roof requires replacement.

#### **Fire (Loss/Incident) Indicators (Initial)**

- Commercial fire occurs on holiday, weekend or when business is closed.
- Fire alarm and/or sprinkler system failed to work at the time of the loss.
- Fire department reports fire cause is incendiary, suspicious or unknown.
- Fire occurs at night, especially after 11 p.m.

#### **Fire (Loss/Incident) Indicators (Subsequent)**

- Burned building is in deteriorating condition and/or located in a deteriorating neighborhood.
- Fire scene investigation reveals absence of items of sentimental value (e.g. family photos, trophies and the remains of items usually found in a home or business).
- Fire scene investigation reveals absence of remains of expensive items used to justify an increase over normal 50% contents coverage (e.g. antiques, piano, or expensive stereo/ video equipment).
- Fire scene investigation reveals absence of remains of non-combustible items of scheduled property (e.g. coin or gun collection or jewelry).
- Fire scene investigation suggests that property/contents were heavily over-insured.

#### **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.
- Alibi or details on whereabouts at time of loss (e.g. fire, burglary, theft, etc.) cannot be provided.
- Attorney "friend" has been consulted and he/she "knows" the value of the claim(s). \*\*
- Can't properly describe item's function or features.
- Cannot be contacted by phone, cell phone or voicemail. \*\*
- Digital images not available or appear altered (will only provide paper photos).
- 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. \*\*



- 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.
- Insured is contacted by an attorney, public adjuster or cleaning company via flyer, door hanger, cold call or advertisement advising of cash payouts. \*\*
- Invoice provided by insured for work performed does not show insured's name or address.
- 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.
- Overly pushy, aggressive or demanding for a quick, and sometimes reduced settlement (possibly to avoid providing additional documentation).
- 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. \*\*
- Place and/or date of purchase for newer items of significant value can't be remembered.
- Previous connections are denied by the parties, but they are associated in prior claims.
- Security camera/system present, but insured states they weren't working/inoperable at the time of loss.
- Selective memories on some facts and cannot remember simple issues that would be common to remember. \*\*
- Social media activity has no mention of or pictures related to the loss (e.g. travel, storm, damage, etc.).
- Spokesperson is the same for multiple persons. \*\*
- States items were purchased online but can't provide documentation or other proof of purchase (e.g. credit card or credit card statement, PayPal account, name of online seller, etc.).
- Threatens adverse publicity unless claim is settled quickly.
- Unable to provide proof of identity and/or homeownership.
- User ID's cannot be provided for claimed losses requiring them (e.g. smartphones, computers, etc.).
- Unaware a contractor/PA/vendor has submitted a property claim on their policy. \*\*
- 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.
- Witness is/are relatives or friends of insured/claimant. \*\*
- Witness name is provided but, but insured states the witness doesn't want to get involved.
- Witness version of loss does not coincide with facts of loss as presented. \*\*

### **Individual/s Involved Indicators (Subsequent)**

- Appointments for statements and EUO's are avoided and/or canceled.
- Delinquent on mortgage payments.
- Email is the only means the involved parties (contractors, witnesses, etc.) can only be contacted (never by phone or in person).
- Meetings with investigators and/or claims adjusters for interviews or viewing damage are avoided. \*\*
- Multiple identities and/or social security numbers. \*\*
- Notes are used to provide details of the loss during questioning.
- 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)**

- Agent is contacted to verify coverage or extent of coverage or to increase coverage just prior to loss date.
- Insurance on the property but not on anything else (e.g. the car or cars they drive every day).
- 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.
- Policy cancels shortly after the claim is filed, often for non-payment of premium.
- Policy description of condition/use of risk location not consistent with the facts.

### **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 adjustor 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.
- Contractor/repair provider does not advertise locally (Yellow Pages, White Pages, billboards, internet, etc.). \*\*
- 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 – Property (Initial)**

- Advertisement or in-person offer to waive the deductible. \*\*
- Asks the homeowner to endorse insurance checks over to them. \*\*
- Asks the homeowner to pay for the entire job prior to beginning work. \*\*
- Bills for movement of individual content items (e.g. lamps, vases, magazines, remote controls, end tables, etc.). \*\*
- Claim submitted near end of permissible time frame (e.g. five years after the date of the causation catastrophe or one year after the fire). \*\*
- Claims additional damage discovered after the repair was started. \*\*
- Cleaning estimates include charges for profit and overhead. \*\*
- Contractor acts on insured's behalf to identify damage. \*\*
- Contractor, roofer or storm chaser reports the claim. \*\*
- Contractor/Cleaning Company does not ask for any downpayment.
- Contractor/Public Adjuster works with a restoration company that tears out unusually large portions of the interior property. \*\*
- Estimate includes variables concerning proximity to parts, labor, and materials (e.g. out of state, rural vs metro etc.). \*\*
- Estimate is very general - lump sum. \*\*
- Estimates are macro in nature. The estimate is based on the total square footage of the structure. \*\*

- Estimates for cleaning are high dollar and usually above \$10,000.00 and up to \$100,000.00 for cleaning. \*\*
- Estimates for cleaning include repair or replacement of roofs, pools, etc. \*\*
- Estimates for work are exorbitantly high. \*\*
- Estimates, invoices or receipts all have out of state addresses listed. \*\*
- High-dollar replacement/repair items specified. \*\*
- Insured is pressured to sign an Assignment of Benefits (AOB) authorization. \*\*
- Insured states the service provider instructed them not to contact the insurer until after the cleanup is done. \*\*
- Insured states they were told by the contractor/PA/vendor the claim would be submitted to FEMA (not their insurer).
- Invoice reflects a "base service charge" and charges for travel, mobilization and setup. \*\*
- Invoice reflects an excessive amount of work is billed at an "after hours rate". \*\*
- Invoice reflects an excessive number of technicians. \*\*
- Invoice reflects inaccurate square footage or room measurements when compared to those made by the adjuster or reflected in public records. \*\*
- Invoices appear "canned" invoices or identical. \*\*
- Invoices are submitted which contain inflated or fictitious statements. \*\*
- Reluctant to provide written contract for job.
- Work order or contract not submitted. \*\*

### **Repair Facility/Contractor Indicators – Property (Subsequent)**

- Arrive at "catastrophe" site just prior to storm. \*\*
- Arrives at loss site without being solicited. \*\*
- Business/Contractor is not bonded or is underinsured. \*\*
- Business/Contractor is not licensed or are newly licensed. \*\*
- Cancellation fee is included in the contract provisions. \*\*
- Cash for payment or down payment is required by the contractor prior to starting work. \*\*
- Cash incentives offered to insured to get the job. \*\*
- Cleaning company rarely does any of the work, only writes cleaning estimates. \*\*
- Cleaning estimators/contractors do not isolate an area of damage. They always write estimates for the entire dwelling. \*\*
- Contractor has no workers comp insurance yet insured indicates more than one contractor employee was at the residence. \*\*
- Contractor or public adjuster initiates contact with the building owner and solicits the claim. \*\*
- Contractor submits Completion of Repairs form to the insurance company without performing the work. \*\*

- Contractor/Cleaning company conducts door to door solicitation of claims. \*\*
- Contractor/Cleaning company does not have a fixed office location. \*\*
- Contractor/Cleaning company pays clients for additional referrals. \*\*
- Contractor/PA gets on roof without insured's permission and/or knowledge.
- Contractor/PA inspects roof from the ground.
- Contractor/Public Adjuster does not have proper identification. \*\*
- Contractor/Public Adjuster is listed on multiple claims with similar patterns or facts of loss. \*\*
- Contractor/Public Adjuster persuades the homeowner/insured to aid them in the scheme. \*\*
- Discount or financial incentive offered on a "one time only" basis. \*\*
- Documents (authentic) or proof that job was completed cannot be provided. \*\*
- Dollar estimates for repairs are below market prices - "too good to be true". \*\*
- Equipment and/or staff is inadequate to perform repairs/restoration/cleaning (non- vehicle). \*\*
- Estimate is increased to cover the cost of a consumer's deductible. \*\*
- Estimate with blanks is provided to the insured for signature (service provider advised the insured the blanks will be filled in later). \*\*
- Estimates, services, and repairs all fall outside the normal parameters of claim type or what's typical in area. \*\*
- Evidence of service provider submitting duplicate billing for multiple claim events or for multiple insureds. \*\*
- Free inspection offered to determine amount of damage. \*\*
- Has materials left over from a previous job. \*\*
- Insured states the service provider charged for services they did not provide.
- License being used by multiple contractors.
- Local office and/or local phone number not maintained by the contractor. \*\*
- Multiple claims filed by one contractor in an area that did not report much damage immediately after a storm. \*\*
- Neighborhood with several homeowners being solicited by the same contractor/roofer. \*\*
- Public Adjuster or cleaning company does not communicate with the insured after the insured agrees to the cleaning or restoration. \*\*
- References can't be provided by the contractor. \*\*
- Roof material and/or shingles are allegedly no longer made and require replacement.
- Service Provider adheres to policy limitations, but all are on high end of limitations for type of service. \*\*
- Unable to meet in person or respond in a timely manner. \*\*