

INDICATORS OF PROPERTY FRAUD

Additional Living Expenses, Baggage, Rental Vehicle/ Transportation Network Companies & Residential *Detection—The First Line of Defense*

PART 2 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).

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.).

Additional Living Expenses (ALE) – Claim Indicators (Initial)

- Bedrooms of temporary rental property are higher in number than the insured property.
- Homeowner is vague about the actual ALE facts (e.g. Lease amount and term, food expenses, the cost of replacing clothes, etc.).
- Insured identifies the temporary rental property and negotiates the lease amount.
- Location of temporary rental property is not same geographical area as the insured property.

- Location of the temporary rental property is in a more upscale community.
- Number of people being claimed under ALE coverage does not appear to physically match the temporary residence (e.g. more people being claimed than reasonable for the number of bedrooms in the residence).
- Original homeowner claim making the residence uninhabitable is questionable.

ALE – Claim Indicators (Subsequent)

- ALE status changes (is extended) because of modifications to home repair schedule.
- Bank account deposit that is the same or similar to the amount of an alleged expense.
- Documentation of occupancy in the temporary residence cannot be provided.
- Lease amount negotiated is much higher than the fair rental value of the temporary rental property.
- Lease includes periods when occupants were still living at the insured premises.
- Lease specifies the rental of the entire temporary rental property, but the owner/landlord continues to reside there.
- Leases a temporary rental property (or alleges to), but has another residence available.
- Leases a temporary rental property, but does not disclose he/she actually owns the property.
- Paying for food or reimbursable expense with a credit card or other source unrelated to the insured (someone else is paying for the insured's living expenses, but the insured is claiming the ALE expense).
- Pays for ALE expenses by personal checks that are not negotiated/cashed or there are substantial delays before negotiation/cashed.
- Pays for ALE expenses such as rent with cash.
- Receipts are submitted for Additional Living Expenses (ALE), claiming they are paying rent when in fact they just moved into their second residence.
- Receipts provided are handwritten for food and meals that are out-of-sequence, undated, or containing differing numbers of entrées versus individuals.
- Room is being rented, but claims to rent the entire house.
- Temporary rental property owner/landlord is related to or otherwise known to the insured, but requires a substantial security deposit.

ALE – Individual/s Involved Indicators (Initial)

- Hotel is moved into while looking for a rental, but never finds one and stay in the hotel where they charge meals and other expenses that a rental would negate.
- Meeting with insurance employees at the temporary rental property is avoided or refused.
- Moved from the insured property, or were in the process of moving, prior to insurance company notification of the loss (and submitted claims for ALE prior to any inspection).
- Moved out of an only partially damaged residence.

ALE – Individual/s Involved Indicators (Subsequent)

- Claims to have moved, but appears to have stayed in the damaged home (when questioned, the insured may claim to just leave his/her vehicle there to enhance security by giving the illusion he/she is home).
- Credit card never utilized for any associated ALE expenses.
- Divorced or separated non-custodial insured (parent) claiming children's expenses during ALE period when children are actually with the custodial parent.
- Does not disclose a pre-existing relationship with the temporary rental property owner/landlord, such as a family member or friend.
- Pet ownership and/or care is misrepresented (e.g. claims pet expenses but doesn't own a pet, misrepresents the number of pets owned, the size of the pet or pets, veterinary expenses, claims the pet or pets were placed in a kennel when they stayed with the owner/insured, etc.).

Baggage - Claim Indicators (Initial)

- Art/Expensive items purchased on trip but no receipts can be produced or previous owners identified.
- Baggage disappearing while in the check-in line.
- Claim history where the facts of the losses are almost identical (e.g. traveling abroad and luggage stolen while waiting at a train station).
- Delayed initial report of baggage loss/claim to airline and to insurance company.
- Delayed return of the baggage claim form.
- Expensive jewelry lost in baggage that is not consistent with clothing (e.g. claiming expensive jewelry suitable for formal engagements but no "formal" clothing was claimed lost).
- Expensive scheduled jewelry, computer, and/or cell phone in checked baggage.
- Inconsistencies with baggage contents claimed and the destination (e.g. fur coats on a trip to Hawaii; several vacation-type items or clothing on a business trip).
- Items claimed are too large for the size of the bag lost.
- Multiple bags are lost on one claim (e.g. especially if no other passenger's bags are lost from the same flight).
- Musical instruments or other items normally hand carried (not checked in baggage) are claimed lost (if musical instruments are claimed lost and they belonged to a student, determine if they are leased from the student's school with a separate insurance policy).
- Over-documentation of lost items (submitting bills for candy or other items bought at a drug store for the trip).
- Photographs from vacation trip (e.g. which might show the claimed items) are not available.
- Prior baggage claim history shows the value of the items lost increases with each subsequent claim.
- Unusual combination of items in same bag (e.g. clothing with paintings or other art).

- Unusual number of bags for a short trip.

Baggage - Claim Indicators (Subsequent)

- Airline baggage tracking system shows checked bag off-loaded at correct destination.
- Baggage Claim Area personnel do not remember anyone questioning them about missing bags or recall anyone waiting in the baggage claim area after all other bags have been off-loaded (e.g. waiting for their bag to arrive).
- Baggage claim filed with multiple insurance providers for the same items (e.g. credit card company, homeowners or renters insurance, travel insurance, airline insurance).
- Baggage mishandling of other bags (e.g. lost by the airline) not evidenced.
- Cell phone claimed to be in lost baggage, but service not cancelled.
- Customs paperwork for international flights does not list the alleged lost item (e.g. items claimed to be purchased on the trip that would have been declared).
- Inventories of baggage losses are inconsistent when presented to various carriers and/or police.
- Inventory of losses includes very heavy items, but no overweight surcharge applied to baggage by airline.
- Multiple claims for baggage or contents lost or stolen while claimant is out of the country.

Baggage – Individual/s Involved Indicators (Initial)

- Claims lost items in baggage were gifts, but doesn't remember who gave the gift(s).
- Documentation to show immediate replacement of necessities cannot be provided.
- Knowledgeable about baggage handling procedures.
- No proof that the travel actually occurred (e.g. airplane tickets, credit card records, canceled checks, etc.) where the baggage would have been present.
- No report to law enforcement by the insured (if baggage theft is alleged).
- States bag was checked but no baggage claim tag or entry of bag into the airline baggage tracking system.
- When questioned on prior claim history and the facts of the baggage loss, the claimant becomes nervous.

Baggage – Individual/s Involved Indicators (Subsequent)

- After initial loss report, individual does not follow up with airline trying to recover the lost bag, only with the insurance carriers for payment.
- Falsely denying the purchase of specific travel insurance for the trip.
- Inconsistencies between airline reports and individual's version of events (e.g. time of flight departure and/or arrival, location of claim area, time of baggage offloading, etc.).
- Items claimed do not match individual's occupation and/or purpose of trip (e.g. business suits for an oil field worker returning from a job).
- No visible means of support, but traveling.

- Observed picking up baggage and leaving baggage claim area before all baggage is offloaded (e.g. not waiting for any "missing" bags).
- Personal information inconsistencies provided on airline baggage claim forms.
- Previous airline baggage claims (especially if not mentioned).
- Purchases the maximum available baggage claim coverage.
- Suspensions reported by airport/airline personnel (e.g. individual appeared overly nervous when reporting loss, in a hurry to leave, etc.).
- Travel insurance taken out for a routine trip.

Rental Vehicle – Claim Indicators (Initial)

- Moved themselves, a friend or family member (with a rental vehicle) but can't remember address. **
- Primary driver is not in the rental vehicle and there is an authorized additional driver who is driving at the time of the accident. **
- Purchased the property damage waiver coverage (when renting a vehicle) and all available insurance. **

Rental Vehicle – Claim Indicators (Subsequent)

- Cash used to pay for rental. **
- Did not rent dolly, boxes or moving pads, if renting a truck. **
- Rental vehicle is driven very few miles. **
- Rented a vehicle from a dealer or agency "across town" as opposed to a closer location. **

Rental Vehicle – Vehicle and/or Vessel Indicators (Initial)

- Makes an allegation that a defect with the rental vehicle caused the accident. **

Rental Vehicle – Vehicle and/or Vessel Indicators (Subsequent)

- Miles driven by the rental vehicle is inconsistent with new address, if moving. **

Transportation Network Companies (TNC) or Res Rent Fraud – Claim Indicators (Initial)

- Addresses associated with the claimant/passenger (e.g. mailing addresses, medical treatment or billing addresses, etc.) are out of the area or state.
- Proof of ownership/claimant's receipts show the items were purchased in another state.
- Proof of ownership/claimant's receipts are for souvenir type items/purchases.
- Travelers Checks are included in the losses.

TNC or Res Rent Fraud – Claim Indicators (Subsequent)

- Claim occurs in conjunction with an event that attracts large numbers of out of town attendees.

TNC or Res Rent Fraud – Individuals Involved Indicators (Initial)

- Claimant indicates they were renting the location/room.
- Claimant states the location/room was for advertised "for rent" in the newspaper and/or internet.
- Claimant uses words such as "landlord or owner" when discussing the insured.
- Claimant's social media mentions temporarily renting a location/room in a private residence.
- Claimant/passenger indicates they are from out of town attending an event.
- Discrepancies in the insured's and claimant's statements concerning the reason for the claimant to be at the insured's personal residence.
- Insured can't provide personal information (full name, address, type of work, marriage status, children, etc.) concerning the claimant/passenger.
- Insured states the claimant/passenger is a friend and he/she was providing the service as a favor to the claimant, which the claimant refutes.
- Nervous and/or hesitant when asked if he/she (the insured) is/was renting living space at their personal residence.
- Social media of the insured mentions temporarily renting a location/room in their personal residence.
- Tenant or renter are words used when discussing the claimant with the insured.

TNC or Res Rent Fraud – Individuals Involved Indicators (Subsequent)

- Bank records of the insured show payments for operating as a commercial enterprise.
- Discrepancies concerning cell phone use (locations, number of calls, duration, etc.) in the insured's and claimant's statements and cell phone records.
- No indication of previous contact (personal or professional) between the insured and the claimant (lack of social media involvement, not relatives, co-workers or neighbors, etc.).