

# INDICATORS OF PROPERTY FRAUD

## Hail, Smoke & Ash, Water Mitigation Detection—The First Line of Defense

PART 3 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.).

### Hail Damage Indicators (Initial)

- Damage from the hail, reported by the insured, is only on a specific part of the vehicle/structure or completely around/on all four sides of the vehicle or structure.

### Hail Damage Indicators (Subsequent)

- Damage from hail is not present on air vents or gutters.
- Damage from hail is not present on windows or screens.

- Damage from hail on one vehicle/structure is not consistent with damage seen on other vehicles/structures damaged in the same area.
- Damage from hail only in center of roof.
- Damage from hail only on edges of roof.
- Dented surfaces did not face the oncoming storm.
- Dents are deeper than wider.
- Dents are the same size and depth (real hail dents vary in size) or all have similar markings at the deepest part of the dent.
- Dents look like hammer marks and/or are cuts rather than hail created dings.
- Dents only on vertical surfaces and not horizontal surfaces (or viceversa).
- Inconsistent damage or damage appearing to be manufactured (e.g. numerous, close together hail dents on one part of the structure, but widely scattered in other parts). \*\*
- Paint is scratched or removed at the point of the dent.
- Paint oxidation, coloration and age in the bottom of the dents are consistent with the undamaged areas.
- Pattern or spacing of dents is consistent all over surface rather than random.
- Size of dents inconsistent with the reported size of hail.

#### **Smoke & Ash – Attorney/Public Adjuster Indicators (Subsequent)**

- Firm works exclusively smoke and ash insurance claims. \*\*
- High incidence of smoke and ash claims from a specific firm. \*\*
- Public Adjuster, cleaning company, law office, etc. only works on Smoke and Ash claims. \*\*

#### **Smoke & Ash – Damage Indicators (Initial)**

- Actual damage is questionable.
- Damage is difficult to prove or disprove.
- Damage is rarely visible/is subjective in nature.

#### **Smoke & Ash – Damage Indicators (Subsequent)**

- Ash findings are inconsistent: 40% in one area, but 0% in the area immediately adjacent.
- Ash findings are not a natural distribution pattern of falling/windblown ash.
- Laboratory testing of residence and/or possessions shows no or little presence of ash or soot or other storm/event damage.
- Landlord is claiming multiple properties to have been damaged by smoke (often includes their residence, regardless of the home's distance from the fire or blown ash).

#### **Smoke & Ash – Repair Facility/Contractor Indicators (Subsequent)**

- Contractor/Cleaning company does not conduct any "smoke and ash" testing or tests incorrectly. \*\*

- Work to remediate the smoke and ash damage is never performed by the cleaning company. \*\*

### **Water - Claim Indicators (Initial)**

- Unable or unwilling to describe when and what water mitigation services were provided.

### **Water - Claim Indicators (Subsequent)**

- Area claimed does not appear to be related to the water event as described (e.g. claims water entered through a window broken by wind, but claimed area is not near the window).
- Water damage is claimed with no visible entry point for the water.

### **Water – Damage Indicators (Initial)**

- Images and diagrams clearly depict water damages pre-existed the date of loss or damage was caused by long term leakage and seepage (not typically covered).
- 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.

### **Water – Damage Indicators (Subsequent)**

- Inspection does not reveal a water source consistent with the areas damaged (e.g. water damage from an interior water supply line would be "clean" while water damage from an exit line of dishwasher or clothes washer, would likely show dirt and debris or other contaminants).

### **Water – Repair Facility/Contractor Indicators (Initial)**

- Air fans billed for concurrently with bills for mold removal and treatment. \*\*
- Excessive and unreasonable amount of equipment used to dry out the premises. \*\*
- Excessive number of days the equipment was used to dry out the premises. \*\*
- Flooring material is not water absorbent such as tile or vinyl (allowing almost immediate remediation), however the service provided bills a number of hours and/or for equipment normally associated with carpet remediation. \*\*
- Invoice reflects both remote and on-site monitoring of water moisture readings. \*\*
- Unable or unwilling to provide an assessment of the planned response for the dry out prior to beginning.

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

- Contractor does not keep or refuses to provide detailed drying logs.