

Insurance Fraud

Insurance fraud makes victims out of insurance companies and their customers. In common terms, insurance fraud is lying to or deceiving an insurer in order to make money or to become insured. Some common fraud schemes include:

- "padding" (inflating the true amount of) a claim
- lying or hiding (concealing) important information when applying for insurance
- lying or hiding (concealing) important information when reporting a loss
- submitting false claims
- "staging" accidents
- Failing to report recovered property
- faking theft claims
- committing (home or vehicular) arson for profit

As a consumer, fraud should concern you since the cost is passed directly on to you in the form of higher insurance rates. You can play an important role in reducing fraud.

Fighting Auto Insurance Fraud

Persons attempting to commit insurance fraud often do so by deceiving innocent drivers during actual accidents or by involving innocent drivers in "staged" accidents. Do the following in order to minimize this risk:

- Drive defensively, keeping space between you and surrounding cars.
- When traffic slows, begin braking before the car in front of you does.
- Be careful when turning into a lane that allows two or more autos to turn left at the same time. Victims of insurance fraud are often people who float across the line when turning and then are intentionally sideswiped by a person who is "staging" an accident.
- If you are in an accident, write down license numbers of all cars involved in the accident, get the names and contact information of all persons involved and their insurers. Count the number of passengers in the other cars and get their names, addresses and any other pertinent information.
- Call the police and get a police report even if the damage is minimal. DO NOT let another driver talk you out of calling the police.
- Carry a disposable camera in your glove compartment or make use of a cell phones camera feature and take pictures of the damage to the vehicles and of all drivers and passengers in the cars.

Fighting Homeowners Insurance Fraud

It is far more difficult to involve an innocent party in homeowner fraud. However, a homeowner can help himself and help deter fraudulent claims by properly maintaining their home, and by removing or repairing items that could create tripping hazards to outside parties. Also, if someone is injured in your home, be certain that you get full information and be sure that an injured person gets any needed treatment. Carefully document any incident, including all impressions about likely injury. It may also be prudent to show healthy skepticism over any information on medical bills or claims.

Report suspicious actions such as a friend who asks you to store valuable property and you then find that they reported to his insurer that the property was stolen.

Think of insurance fraud as money out of your pocket-because it is. According to the US Chamber of Commerce, fraud adds 25% to property and casualty insurance rates.

If you are involved in an accident and you are suspicious that fraud may be involved, report it to the authorities and your insurer. Another helpful source for fraud information is the National Insurance Crime Bureau at 1-800-TEL-NICB (at the time of this writing, their Website was located at www.nicb.org).

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