

Did a theft really occur? RED FLAGS for Vehicle Theft Fraud – a six part series presented by ProNet Group

Part #1

Issues Related to Reporting of the Claim

We began the series in last month's newsletter reviewing some basic elements of potential fraud claims involving automobiles; vehicles reported stolen and recovered burned, transponder equipped vehicles reported stolen, accidents involving uninsured motorist/phantom vehicles, and repair shop claims. In the first part of our series we will discuss potential red flags that arise during the reporting of the claim.

Theft

An insured can be putting up red flags before the investigation of a claim even begins. For example, in a fraudulent claim, the insured will not be surprised when they are alerted to the alleged theft by the police or the insurance carrier. So pay attention to the tell tale signs of untruthfulness when speaking with the insured. The recovery state of the vehicle can be revealing as well. Fraudulent claims often include a vehicle which was recovered in a damaged state: burned; at the bottom of a lake; or, some other catastrophic damage that will not allow the car to be driven properly.

Uninsured Motorists

Uninsured motorist claims involving *phantom vehicles*, are also cause to be alert. These potentially fraudulent claims are generally made with no police report, no witnesses, uncertain timeframes, and a hazy accident scenario. The simple fact that the police were not called to the scene is an enormous red flag. Furthermore, when questions to the insured are answered with phrases like '*some other vehicle*' or '*I can't remember*' then further investigation is necessary.

Repair Shop

Another cause for caution is when mechanical damage to a vehicle is reported and the vehicle is already located at a repair shop. Vehicle repairs can be extremely expensive - \$5,000.00 and up in some cases. Repair shops will coach the insured into making a claim without the insured's knowledge that what they are actually doing is committing fraud. The repair shop will suggest that the vehicle was either involved in a flood or has been vandalized (i.e. fuel contamination) which resulted in the failure of the components. These types of failures are easily identified and are able to be verified.

The insured's actions and statement can also be indicators of fraud. In general, when a legitimate vehicle loss is reported, the insured is concerned for the loss and this is evident in their statements. For example, *'How and why did this happen?'*, *'Of course I have my keys.'*, *"Can the police figure this out?'*. However, answers like *'I don't know'* are a red flag that further investigation is required.

When the claim is reported, ALL statements made by the insured are crucial and should be well documented. Times, dates, as well as answers to your questions should be able to be answered immediately. If the reported claim is legitimate, you will likely not have to ask very many questions as they will talk you through the event several times on their own and the facts will be consistent. *Ray Thompson*

Stay tuned for the May issue of *TASIU Observer* as we discuss Red Flag #2: Related to Coverage.

For the full article, or if you have any questions or comments, please contact Ray Thompson with ProNet Group at rthompson@pronetgroup.com, or 800-216-7268. Email and/or phone consultation is encouraged as questions can be quickly answered. Additionally, a course of action may be recommended.

ProNet Group has been providing vehicle forensic consulting and property and vehicle fire O&C investigation services to the insurance industry since 1990, covering the entire state of Texas and the U.S. Gulf Coast Region.