

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

Part #3

Issues Related to the Vehicle

In the May segment, we discussed issues related to the reporting of a vehicle loss. This installment of our six part series "Did a theft really occur?" examines red flags related to the vehicle. Be alert for these situations:

Mechanical Issues

Today's manufactured vehicles are significantly more reliable than they have been in the past. However, the technology that is used in vehicles, in addition to economic restraints, has driven up the cost of repairs. For example, a typical transmission replacement can be upwards of \$4,000. Therefore, the age and mileage of a vehicle, which can be easily verified, can warrant a mechanical evaluation of an alleged "stolen" vehicle. Simply calling the insured's repair facility and questioning previous repairs or current issues can establish potential mechanical failures.

Leased Vehicle

A leased vehicle has restrictions on the mileage that is allowed during the lease term. This allowance is generally minimal and not sufficient for the vehicle to be driven under average routine conditions (to/from work, running errands, family-driven vacations, etc.). The added cost can be quite expensive when the vehicle is returned. Additionally, the condition of the vehicle and repair work must be completed at the conclusion of the lease term at the expense of the lessee. This is another reason to verify mileage and repairs and/or conduct a mechanical evaluation when a leased vehicle is involved in a claim.

Vehicle – General Issues

There are other general situations that should be considered as well. For instance, thefts involving a large vehicle, otherwise known as a "Gas Guzzler", can be a red flag for fraud. Perhaps the vehicle has a "For Sale" sign or has recently been advertised to be for sale? Neighbors and/or co-workers can easily answer this question. What about an older vehicle with little value, with expensive aftermarket accessories or costly personal items? Finally, a vehicle that has a salvage title or has been involved in a previous claim should be thoroughly evaluated.

Anti-theft systems on modern day vehicles have become extremely advanced, utilizing transponders and other computerized components. Transponders are used in ignition keys which are uniquely coded to each particular vehicle and do not require input or interaction by the driver. Without the authorized key present, the vehicle cannot be started by "hot wiring" or forcibly turning the ignition lock.

Transponders have cut down on legitimate vehicle thefts dramatically. The days of stealing cars for the sake of joy rides are over on vehicles equipped with this technology. The use of this type of security has grown to be a very integral part of a vehicle, and is now used on vehicles that do not require a key to start – Keyless Go.

Most people are unaware of this technology. However, insurance adjusters and investigators should be aware and on alert as the theft of a transponder vehicle is EXTREMELY difficult. *Ray Thompson*

Stay tuned for the July issue of *TASIU Observer* as we discuss Red Flag Part #4: 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.