

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

Introduction

Initial Assessment of a Vehicle Claim

As we know, vehicle and heavy equipment fraud is on the rise. We can blame several factors: Overindulgence on gas guzzler vehicles; the high cost of fuel; the high cost of repairs; or the sagging economy. You can pick any one of these or many other reasons and have a valid argument. Yet, the fact is that fraud is more prevalent than ever – and more difficult to identify. Hard cold truth: Fraud is costing insurance carriers *BILLIONS* of dollars annually.

There are several red flags that you will see throughout the claim process. Each of the next six issues of *TASIU Observer* will provide an overview of one **Red Flag** that should be considered and utilized in the initial claim process. The list includes:

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| #1: Related to Reporting | #4: Related to Recovery |
| #2: Related to Coverage | #5: Concerning the Insured |
| #3: Related to the Vehicle | #6: General Items |

To introduce the series, here are some basic identifiers that you should be aware and employ at the very beginning of the claim. Action should be taken immediately in these types of claims so they do not fall through the cracks.

1. Vehicle Fire: Accidental or stolen and recovered burned.

First and foremost, a vehicle fire is a claim that has potential for recovery and/or denial. Cases that involve a vehicle theft that was recovered burned can be proven otherwise. If the vehicle “accidentally” caught fire, a determination should be made if it was truly accidental or intentionally set. An intentionally set fire would warrant further investigation into the claimant; whereas, an accidental fire may open the door for potential subrogation.

2. Transponder Equipped Vehicle was stolen.

Any vehicle that is equipped with a transponder and was reported stolen should be examined carefully. These types of vehicles are extremely difficult to steal without the use of a coded key. Although it can be done, the process is not something that can be with a paper clip and piece of string.

3. Uninsured Motorist, Phantom Vehicle claim.

When a vehicle is involved in an accident and the claim is "another" vehicle hit the insured, the vehicle should be examined carefully. Statements taken from the insured should be specific and detailed as the evidence should support the described events. Fraudulent (staged) accidents are on the rise.

4. Repair Shop Claim

When a vehicle claim for contaminated fuel or sugar in the gas tank and/or engine is reported, careful thought should be considered. These types of claims are generally the result of the repair shop trying to extract money for vehicle repairs that are extremely costly. The insured may or may not be aware of the attempted fraud. These claims are almost always paid as the adjuster is unaware of how a vehicle responds to these types of damages.

Again, these are very basic fraud indicators that should warrant investigation in almost all cases. However, in my 20 years of experience, they are often not addressed in a timely manner or simply overlooked. *Ray Thompson*

Stay tuned for the April issue of *TASIU Observer* as we discuss Red Flag #1: Related to Reporting.

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.