

NICB: Data Links Fraudulent Claims to Poor Economy

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Citing data that demonstrates notable increases in suspicious car fires, slip-and-falls, and hail-damage claims, the National Insurance Crime Bureau (NICB) is supporting the notion that a poor economy is causing an increase in fraudulent insurance claims.

According to the NICB, the report “clearly shows an increase in the number of questionable claims related to possible cases of insurance fraud during the past year as the economy continued its downward spiral.” The assertion was derived when the NICB analyzed questionable claims submitted by the more than 1,000 of its member companies. When the results of the first quarter of 2009 were compared to the first quarter of 2008, an increase in opportunistic fraud appeared.

Several examples of opportunistic fraud were included:

- A hail storm causes limited damage to a section of shingles on a house, but the homeowner, seeing the opportunity to get an entirely new roof from his insurance company, deliberately causes more extensive damage. The NICB report shows that questionable claims for hail damage increased 407 percent in 2009 when compared to 2008.
- A car owner who is having trouble making payments on a recently purchased vehicle decides to torch the car, pays someone to take it, or he drives it to a remote area and abandons it. The car is then reported vandalized or stolen. The insurance company writes a check to the car owner, who uses that money to pay off some of or the entire outstanding loan. Claims related to suspicious vehicle fires/arsons were up 27 percent in 2009 compared to 2008 and owner give-ups increased 24 percent.
- Questionable claims involving slip-and-fall accidents increased 60 percent under casualty policies and 77 percent under commercial policies, using the same timeframe comparison. Suspected fraudulent claims related to workers’ compensation insurance were up 71 percent.

“The NICB’s report is in line with much of the data and anecdotal information we’ve gathered from our insurer members and other sources,” said Dennis Jay, executive director of the Coalition Against Insurance Fraud. “The poor economy may be driving normally good people to do bad things. Hardcore insurance criminals also have more opportunities to entice normally honest people into their fraudulent schemes.”

The NICB report covers only questionable claims submitted by member insurance companies. These claims have already been reviewed by the companies and classified as possibly fraudulent.