

## 6 shadiest auto insurance fraud schemes

By: Michael Estrin, Bankrate.com

Even if you never find yourself in the middle of one of its sleazy scams, auto insurance fraud hits you. Industry experts say it slows legitimate insurance claims, increases premiums and, in some cases, puts innocent victims in danger.

Law enforcement officials say fraud factors into as many as 1 out of every 3 auto insurance claims in New York City. The problem may be even worse in Los Angeles, the city that generates the most questionable claims potentially linked to organized crime, according to the National Insurance Crime Bureau.

That trade group tracks fraud for insurers and ranks California, Florida, Texas, New York and Maryland as the top five states for fishy auto insurance claims.

The cost to motorists is tough to pin down because fraud often goes unreported, but it's definitely a "major-league crime involving a wide variety of schemes," says Jim Quiggle, a spokesman for the **Coalition Against Insurance Fraud** in Washington, D.C.

In New York City alone, officials estimate that fake auto claims add \$241 million to premiums. Nationally, experts believe overall insurance fraud costs tens of billions of dollars every year.

Learn how to protect yourself as we uncover the worst auto insurance frauds.

Each year, about 1.5 million air bags inflate during crashes, saving thousands of lives. But, during the repair process, at least a small percentage of those deployed air bags will be replaced with counterfeits -- which can be life-threatening.

"Crooked repair shops frequently replace the bags with cheap knockoffs, or in some cases just fill the area with junk and garbage," says Quiggle. "The insurer pays for phony work, and the driver ends up with a car that isn't safe."

If your car is being fixed after the air bags have been deployed, it's critical to work with a trusted, reputable mechanic, says Quiggle. He advises drivers to go with shops that have been approved by their insurance company, because those will have been heavily vetted.

If you're buying a used car, it's always a good idea to get a vehicle report, which will tell if the car has been damaged in a crash or has been salvaged. Then, pay close attention to the air bag light, which should appear briefly and then turn off. If the light never appears, if it flashes steadily or if it stays on, the car should be checked immediately.

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**Coalition Against  
Insurance Fraud**

Staged accidents are rising at an alarming rate, according to the National Insurance Crime Bureau. Insurers across the U.S. reported a 102 percent increase in suspected cases of this type of fraud from 2008 to 2011, the bureau says.

Nationwide Insurance says common types of staged crashes include:

**Swoop and squat:** Two vehicles trap a victim in a rear-end collision.

**Drive down:** When waiting to make a left turn, the victim is lured into turning early by an oncoming fraudster who waits and then proceeds just in time to collide.

**Wave down:** Two vehicles set up a crash with a victim who's given a wave that it's safe to pull out of a parking lot or side street.

**Enhanced damages:** In a legitimate accident, the not-at-fault driver causes additional damage to his or her own vehicle to pump up the claim.

Florida lawyer Russel Lazega advises anyone who has been in a wreck to gather as much evidence as possible right away.

"Often car crash cases don't make it to court until years later, when witnesses are gone and cars have been fixed," he says. "Demand a police report, take lots of pictures and get the contact information for any witnesses."