

Playing a risky game: people who fake death for big money

By: Emmet Pierce, MoneyTalk News

Have you ever wondered about cashing in on life insurance without actually dying in the process? Industry experts say plenty of people try it.

Exactly how many is hard to say: The insurance industry doesn't keep data on how many people fake their deaths — or at least doesn't release the information to the public.

Elizabeth Greenwood, author of "Playing Dead: A Journey Through the World of Death Fraud," estimates there are several hundred such cases each year.

In 2016, the Coalition Against Insurance Fraud (CAIF) conducted a survey in which insurance companies were asked if the faking-a-death problem was slight, moderate or severe.

"Fake death fell into the moderate category," said Dennis Jay executive director of CAIF, which is an alliance of consumer groups, insurance companies and government agencies.

"We are seeing a fair number of them," Jay said.

"It happens more than the insurance carriers are comfortable admitting," Steven Rambam, the director of investigative agency Pallorium Inc., who says he's investigated hundreds of such cases during a decades-long career. "They don't want to give anybody ideas."

Tracking mysterious death

Because life insurance payouts can amount to hundreds of thousands of dollars, even a few fraudulent claims can have a financial impact on an insurance company.

So when policyholders die mysteriously, carriers typically hire investigators to look into it.


Often, these suspicious deaths involving U.S. residents occur in underdeveloped countries, where fraudulent death certificates are more easily obtained, according to Jay.

Perhaps even more difficult for the fraudsters than faking the death is staying out of sight after convincing people that they are dead.

Unless they cut their ties with everyone they know and care about, they risk detection by life insurance investigators, Greenwood said.

Not everyone is capable of doing that, the author explained. The lure of friends and family often proves to be too strong to resist.

"The biggest question is, 'Can you really walk away from everyone and everything in your life?'" she said.



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Coalition Against Insurance Fraud

Fake death as cottage industry

Another common variation on life insurance scams surfaced in the late 1990s and early 2000s, according to John DeMarr, a California-based investigator who works for insurance companies.

Those cases often involved recent immigrants to the U.S. who committed life insurance fraud with the help of friends and relatives in their countries of origin.

"They would buy life insurance and then go back home and stage their own accidents," he said. "It was so bad there were entities out there selling death kits showing how to get your own death certificate."

In parts of Asia and South America, officials could be bribed to produce paperwork to document a staged death. The families of the insured sometimes would present insurance companies with video recordings of funeral marches as evidence that a death has occurred, DeMarr said.

In such cases, there often isn't a body available to enable investigators to confirm the identity of the deceased. Sometimes insurers are told that the body was cremated immediately following the death.