

8 extreme cases of insurance fraud

By: Bankrate.com

Scamming an insurance company can be done in various ways, from phony slip-and-falls to faked deaths. Ultimately, honest consumers and businesses pay for it.

Extreme fraud cases

What do a rodent in a bowl of soup, a tricked-out street racer at the bottom of a lake, a foreclosure property mysteriously set ablaze and a woman who died twice have in common?

They're all part of the outrageous world of insurance scams, in which cash-strapped policyholders, phony or unscrupulous insurance agents, desperate business owners and sundry con artists conspire to defraud insurers by filing inflated or outright bogus claims.

A victimless crime? Hardly.

"The **Coalition Against Insurance Fraud** conservatively estimates that insurance fraud costs \$80 billion a year in stolen claims, not including the social costs," says James Quiggle, a spokesman for the nonprofit coalition of insurers and consumer groups. "When you start adding in the lost productivity of businesses, the lost life savings of individuals and the cost to investigate and prosecute, the total figure is likely much higher."

From suspicious tainted-food claims to phony slip-and-falls, faked deaths to real murder, following are eight of the most desperate and devious insurance frauds from the coalition's Insurance Fraud Hall of Shame.

Behold the havoc wrought by insurance fraud on lives, property -- and, ultimately, your premiums.

Burning down the house -- for profit

High living had left Chicago grain futures executive Marc Thompson deeply in debt. In desperation, he torched his home for the \$730,000 in insurance money. To make it appear a suicide, he led his 90-year-old mother, Carmen, downstairs, doused the basement with accelerant and tossed the match. Now Thompson's own future is secure -- for 190 years in federal prison.

Who would burn down his own home, not to mention kill his own mother, for the money? People caught unprepared for the worst recession in 80 years, that's who.

"People in small but increasing numbers were burning down their homes," says Quiggle. "Often the houses went up in smoke and flames just before the homes were to be foreclosed. People were upside down on their mortgages, they felt cornered financially, and, in acts of desperation,

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Lost property claims also surged as the economy tanked.

"People would report their stereo stolen; maybe it was worth \$3,000 but they claimed it was worth \$8,000. Diamond wedding and engagement rings started seriously getting lost. That kind of crime that could net you a few thousand dollars became more prevalent than ever," Quiggle says.

Fake slip-and-falls gain traction

Think the old fake slip-and-fall routine works only once? Think again.

Isabel Parker, the 72-year-old queen of the slip-and-fall scam, prostrated herself in department stores, supermarkets and liquor stores 49 times for claims totaling \$500,000 during her long career, a sad byproduct of her gambling addiction.

Quiggle says gangs have taken a page from the growing staged auto-accident playbook to target merchants big and small for staged slip-and-falls.

"They will claim soft-tissue injuries against one business after another, like a skeet shoot," he says.

"They'll go from one business to the next, assuming that each insurer will simply pay the claim to get it out of their hair as a nuisance."