

Avoid getting burned by these summer insurance scams

By: John Egan

Summer is a time to relax, right? Unfortunately, insurance consumers can't get too relaxed at the beach ... or in the mountains ... or anywhere else.

During the summer, insurance scammers are on the prowl, looking for their next targets. But there's no reason to lose sleep over it. Just stick to this advice from Jim Quiggle, director of communications for the Coalition Against Insurance Fraud.

The home contractor scam

After a rainstorm, windstorm or hailstorm wreaks havoc in a neighborhood, shady contractors will start knocking on doors in search of work — work that in many cases is covered by homeowners insurance.

"Most contractors are honest, but unethical storm chasers often are unlicensed and incompetent," Quiggle says. "They may demand a large down payment, then steal your money and disappear after doing little or no work. You're still left with a gaping roof and months of expensive headaches getting the work done."

Those added expenses can push you past your policy's limits, leaving you on the hook to cover those costs out of your own pocket.

How can you avoid being duped by an unethical contractor?

Look for warning signs such as a contractor asking for cash upfront, and a contractor lacking a physical business location or a permanent phone number.

Coordinate all of the repair work with your insurance company or agent. Make sure your insurer will cover the repairs and is kept informed as the work continues.

Obtain bids from several contractors, and be suspicious of extremely low bids.

Before the work starts, sign a contract with the contractor.

Ask for proof that the contractor is licensed and insured.

Think twice before doing business with a contractor who knocks on your door to get business, and be wary of offers to waive your insurance deductible.

The car repair scam

With millions of Americans hitting the road for summer vacations, it's guaranteed that some of them will wind up being involved in a car crash.

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Coalition Against Insurance Fraud

However, motorists who entrust their car repairs to a body shop should choose a reputable one.

"Crooked body shops might do lousy and unsafe repairs using substandard material," Quiggle warns. "You could be overbilled for more damage than was caused. You could be back on the road with an unsafe car."

Quiggle says repairs made by a dishonest body shop can max out the limits on your auto insurance policy.

Those repairs even can lead to a hike in your auto insurance premiums. How so? An inflated repair bill equals a larger payout from your insurer, Quiggle says. The insurer then could be tempted to raise your premiums because it views you as a high-risk policyholder, especially if you've filed previous claims.

To steer clear of a shady body shop:

Use a body shop on your insurer's preferred list of repair shops. Your insurer has vetted these shops so that you'll get a fair, honest repair deal.

Compare the repair estimate and the final repair bill. Were any suspicious repairs done that seem out of whack compared with the actual damage?