

10 red flags that could signal a fraudulent Auto claim

By: Patricia L. Harman

At first blush, some auto insurance claims may seem like nothing special.

An insured claims his car was hit by a driver who fled the scene. He didn't catch the license plate number, but he thinks the car was a white, mid-size, older model. You pull up his file and see this insured has had a string of bad luck lately and this is his third accident in 18 months. A previous accident did not involve another vehicle and the other involved a deer.

You ask him to send you some photos of the damage and notice green flecks of paint in the damage. After checking the claimant's statement, you see he described the car that hit him as being white — green flecks don't usually come from a white car — something isn't quite right.

There are many reasons for an insured to file a false insurance claim and most have a financial motive.

Chris Tidball, a casualty solutions consultant with San Diego-based insurance software company Mitchell International, recommends checking to see if the insured is in over his head or has recently lost his job.

"Is the vehicle financed? Was the owner upside down," he asks. "If the owners owe \$500 a month on a car and they start having problems, there is an incentive to get rid of the vehicle." With a transmission or engine running several thousand dollars to replace, it is easy to see why an insured would consider other alternatives.

Owners who are behind on their car payments or way over the mileage limits on a lease could also have financial reasons for having an "accident."

Not every claim involves fraud, but there are some red flags that could indicate a claim is at least worth a closer look.

Here are 10 to consider:

Red flag No. 1: Phantom hit-and-run crash
Hit-and-run crashes can take several forms according to the Washington, D.C.-based Coalition Against Insurance Fraud.

"The so-called victim driver hits a parked car, then lies that another driver rammed their vehicle and fled," explains James Quiggle, organization's director of communications. "Or he lies and says that the phantom vehicle forced him off the road into a lamppost or other obstacle with no vehicle-on-vehicle contact. Pre-existing damage is then falsely chalked up to a phantom hit-and-run."

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According to the industry group, the state of Maryland is one of the states considering a deterrent bill that would help identify fraudulent claims from motorists involved in a hit-and-run accident.

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