

General Red Flags – Applicable to all lines of business and products

- Claims incurred a short time after inception of the policy
- Physical address is not disclosed; address provided is not valid
- Documents that appear altered are provided
- Knowledge of insurance terminology and processes
- Police report not filed or filed late & police did not respond to the scene
- History of prior claims (often of similar type losses)
- Recent increase in coverage and/or a decrease in deductible
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- Delay in reporting loss with excuses for not reporting immediately
- Prior claim connections between involved parties and witnesses
- Identification cannot or will not be produced (e.g., driver's license), or has temporary, recently issued, or out-of-state driver's license/state identification card
- Uncooperative in documenting the loss
- Multiple identities and/or social security numbers
- Locations involved in the claim are numerous (e.g., loss in one state, policy in another, and address in a third state)
- Loss occurs after recent uninsured loss
- No witness to accident
- Accident involving an unidentified third party
- Claimant's witness is overly enthusiastic
- Loss reported by claimant, third party, or attorney
- Property repaired or disposed of before inspection

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Miscellaneous Insurance Red Flags

- The insured's business reflects a low level of research and development expenditure
- The insured's business is showing a poor financial position in the industry
- The insured is paying for a costly lease or rental agreement that is not covered by earnings
- Withholding taxes, payroll taxes or sales taxes were deposited tardily
- There are bankruptcy proceedings of the owner, firm, or affiliate business
- There are frequent or unusual inter-company transactions with an affiliated company
- The insured maintains two or more sets of books
- Books and/or records contain false or altered documents or records
- The insured's business maintains weak internal controls
- The insured's business license has been revoked or suspended
- The insured's business shows increasing production costs for labor, materials, sales, general and administrative overhead
- The insured is paying for a costly lease or rental agreement that is covered by earnings

Life Insurance Red Flags

- Any death within a contestable period
- Any death with no body recovered
- Any accidental death under less than open and shut circumstances
- Income/net worth unsubstantiated and/or inconsistent with stated occupation or employment status
- Any discrepancies in any document
- Unconfirmed or unsubstantiated cause of death
- Marital (separation or divorce) or Financial Problems
- Changes in beneficiary
- Producer submits multiple applications with false or incomplete information
- Policy premium is a large percentage of annual income or net wealth

Travel Insurance Red Flags

- Insured produces extensive documentation immediately after loss
- Lack of documentation or no receipts
- Recently purchased items missing
- Expensive items purchased in a short period of time
- Replacement estimates passed off as receipts
- Consecutive numbered receipts with purchased dates over time
- Basic handwritten receipts or bad copies
- Stolen items are not consistent with insured's lifestyle/income
- Unfamiliar with items or cannot give details
- Limited knowledge of missing items
- Police report differs from loss report
- Claim filed several days, weeks, or months after alleged loss
- High number of other recent claims
- Has multiple means of coverage loss

Boiler & Machinery Insurance Red Flags

- Poor quality equipment – possible failure to meet contract specifications and product substitution
- Delivery and acceptance of substandard equipment
- Over purchasing of items
- Boiler room/equipment room that is full of storage items
- Boiler equipment inspection certificates are lost or not easily accessible
- Maintenance records lost or in disarray
- Open boiler control panel, a removed boiler access panel, missing electrical junction box cover or circuit wiring in disarray

Disability Insurance Red Flags

- Newly covered claimant
- Group policy without individual underwriting
- Claimant was self-employed or had family business
- Verification of claimant's pre-event income not completed
- Declining income or indications it may have been likely to decline
- Recent increase in coverage
- Work related issues
- Eager for settlement
- Multiple disability income coverage
- Extensive medical/insurance knowledge
- Claimant difficult to reach at home
- Claimant uncooperative or evasive
- Disability claimed is inconsistent with injury or illness

Automobile Insurance Red Flags

- Avoids meetings with investigators and/or claims adjusters for interviews or viewing damage
- Claims expensive contents in vehicle at time of theft
- Individual or someone known by insured recovers stolen vehicle
- Neighbors, friends, and family are not aware of loss
- No or late police report filed and police did not respond to the scene
- Delay in reporting loss
- No signs of ignition/locking/security system damage when reported stolen while locked and/or without keys
- Vehicle has history of mechanical problems and/or is a "gas guzzler" (especially if recovered burned and/or there is no warranty coverage)
- Vehicle has theft, claims and/or salvage history
- Vehicle shows signs that stolen parts are "neatly" removed (e.g., stereo missing, no damage to the dash and wires unplugged)
- Vehicle was parked for a significant period of time prior to the theft/fire
- New policy or new vehicle added
- Coverage added or increased prior to date of loss
- Contact insurance company to inquire about coverage prior to loss
- Damage estimate is inconsistent with description of loss

Common Carrier Liability Insurance Red Flags

- Recent increase in coverage
- Eager for settlement
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- Delay in reporting loss with excuses for not reporting immediately
- Uncooperative in documenting the loss
- Unable to provide supporting documentation
- Losses occur just after coverage takes effect, just before it ceases, or just after it has been increased
- New policy
- Significant lapse in coverage is reported under prior policy
- No or late police report filed & police did not respond to the scene

Fire Insurance Red Flags

- Recent increase in coverage
- Eager for settlement
- Suspiciously coincidental absence of individual or family at time of the incident
- Commercial fire occurs on holiday, weekend or when business is closed
- Fire alarm and/or sprinkler system failed to work at the time of the loss
- Fire department reports fire cause is incendiary, suspicious, or unknown
- Fire occurs at night, especially after 11 p.m.
- Property has been or is for sale
- Behind on mortgage
- Insured is deeply in debt, has filed or preparing to file bankruptcy; has liens, judgements, or other adverse financial condition
- Lack of personal property within
- Missing items from residence
- Utilities turned off at time of loss
- New policy
- Incident details from the insured are vague with no specifics
- The incident involves extensive loss and is not reported promptly to the insurer, police, and/or fire authorities
- Neighbors or witnesses report recent movement of property from the loss location prior to loss
- Fire with multiple points of origin
- Large number of expensive items without any documentation of purchase or ownership

Sprinkler Insurance Red Flags

- The loss occurred when the security devices failed to work
- A commercial loss primarily involving seasonal inventory or equipment
- The business's storage area is too small for the amount of claimed inventory
- There was a departure from long-standing routine, i.e., failure to activate alarm system, shut down of sprinkler system or discharge of security guard
- Renovation's loan approved before the loss, but work had not yet begun
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- Delay in reporting loss with excuses for not reporting immediately
- Uncooperative in documenting the loss
- Individual provides altered maintenance/inspection records
- Losses occur just after coverage takes effect, just before it ceases or just after it has been increased
- Prior damage to the equipment
- Extent of damage is inconsistent with facts of loss

Aircraft Insurance Red Flags

- The claimant has personal financial problems
- Eager for settlement
- The claimant has a history of similar claims or multiple claims history
- Witness and claimant know each other
- Changes to the account/time/location/witness details
- There was a delay in seeking medical treatment or no medical treatment sought
- Minor accident resulting in psychiatric problems
- Injury not consistent with special damages
- The claimant or any part of the claimant was in the aisle if a cart was being pushed through
- The claimant moved the overhead luggage in such a way that it would fall on him/her
- The claimant was not wearing a seatbelt, or it was not properly fastened
- The claimant had been drinking prior to or during the flight
- It was a long flight and there was debris in the aisle
- Alleged to be on the flight but no corresponding hotel charges at destination
- Name of passenger not listed on any manifest
- Credit card number used to book alleged flight is invalid or non-existent

Burglary Insurance Red Flags

- Losses are questionable (e.g., home stereo stolen out of car, fur coat stolen on trip to Hawaii)
- Losses include numerous appraised items and/or items of scheduled property
- Losses include numerous family heirlooms
- Theft losses include total contents of business/home including items of little or no value
- Individual provides altered documents
- Loss inventory differs significantly from police department's report
- Loss inventory indicates unusually high number of recent purchases
- Losses are incompatible with residence, occupation and/or income
- Losses include a large amount of cash
- Provides numerous receipts for inexpensive items, but no receipts for items of significant value
- No signs of forced entry
- Excessive vandalism during burglary
- New policy
- Recent policy changes, increase in coverage, lowering of the deductible
- Financial motives
- Alarm was turned off or not functional
- Claim filed several days, weeks or months after alleged loss

Credit Insurance Red Flags

- The insured has a history of many insurance claims and losses
- Alerts, notifications, or other warnings received from consumer reporting agencies or service providers, such as fraud detection services
- The presentation of suspicious documents
- The presentation of suspicious personal identifying information, such as a suspicious address change
- The unusual use of, or other suspicious activity related to, a covered account
- Notice from customers, victims of identity theft, law enforcement authorities or other persons regarding possible identify theft in connection with covered accounts held by the financial institution or creditor
- New policy

Team & Vehicle Insurance Red Flags

- New policy
- Eager for settlement
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- Delay in reporting loss with excuses for not reporting immediately
- Uncooperative in documenting the loss
- Individual provides altered documents
- Claimant is unusually familiar with insurance terms and claims handling procedures
- Losses occur just after coverage takes effect, just before it ceases, or just after it has been increased
- Vehicle damage is not consistent with the facts of the loss
- Undisclosed risk issues
- The accident is not reported promptly to the employee's supervisor

Liability Insurance Red Flags

- High number or other recent claims
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- The insured refuses to cooperate with our investigation
- Witness known by subject
- No witnesses
- Out of state resident
- Claimant or insured is excessively eager to accept blame for the accident or is overly pushy or demanding of a quick settlement
- Injury doesn't match loss details
- Individual food contamination claims
- Claimant alleges fall in liquid spill, yet their clothes/shoes are not wet from substance
- Claimant alleges fall on wet/slippery area where there is no source of spill identified
- Claim filed several days, weeks or months after alleged loss
- All subjects give exact or similar details of loss
- Subject is over dramatic when describing injury
- Claimant or attorney refuses to provide complete accident or injury information
- No police report exists for an accident with injuries and/or extensive property damage
- The insured has no knowledge of accident or injury

Marine Insurance Red Flags

- The vessel was for sale for more than six months prior to the loss
- There is no title certificate for the boat
- The owner's original receipts were not available
- The hull number appeared to be altered in some way
- The vessel was first reported stolen and then found either burned or sunk
- The insured has difficulty explaining the date or time of the loss
- The vessel was over valued
- Identities of unknown or new brokers and principals could not be verified independently
- Supposedly separate entities share postal address and/or there are other contact detail inconsistencies
- Avoidance to questions requiring clear answers
- The proposed trade and the proposed shipping and finance documents are inconsistent
- Incomplete cargo documents or information thereon is inconsistent with the usual terms of the trade
- Documents contain errors or otherwise have suspect validity
- The proposed transaction is highly undervalued or provides for an unusual profit margin
- Unexplained changes to transaction details

Pet Insurance Red Flags

- The policy's effective date is close to the date of death of the pet
- There are numerous insurance policies purchased on the pet
- Claimant is unusually familiar with insurance terms and claims handling procedures
- Losses occur just after coverage takes effect, just before it ceases, or just after it has been increased
- Medical bills appear altered
- Residence does not appear to accommodate amount or size of pets insured
- Diagnostic tests or series of tests given to all patients regardless of diagnosis or injury
- Treatment does not match the diagnosis listed on the submitted claim form
- Treatments are inconsistent with normal veterinary practices
- Dates of service is prior to veterinary facility established
- The veterinarian did not sign and date the claim form
- Policyholders' residence is unusually far from the treatment facility
- Contact with veterinary facility is difficult
- Dates of treatment fall on dates facility would typically be closed, holidays or Sundays
- The insured cannot provide adoption paperwork for recently adopted pets

Plate Glass Insurance Red Flags

- The claim is made a short time after inception of the policy
- The insured has a history of many insurance claims and losses
- Extensive commercial losses at a site where few or no security measures are in effect
- There are radically differing accounts of the accident or manner in which the loss occurred
- There are indications that the business is having financial difficulties or has immediate need for funds
- There is a recent history of late payments or default on loans
- There has been a recent history of late payments or default on loans
- There has been a recent expansion of business facilities that has caused the insured to incur substantial debt or other over extension
- Delay in reporting loss with excuses for not reporting immediately
- Uncooperative in documenting the loss
- Individual provides altered documents
- Value of damaged item appears inflated

Surety Insurance Red Flags

- The company has a history of being sued
- The company has several claims filed under previously obtained bonds
- The contractor has low profitability
- The company has poor working capital
- The contractor did not provide all relevant financial documents, including current tax returns and financial statements prepared by a qualified accountant
- The company did not provide information concerning the corporate structure of the business, information about principles, employees, and policies and procedures
- The company did not provide information concerning the particular contract or job that the contractor is seeking to be bonded for
- The bond company name was not on the indemnity agreement and the bonds provided
- That surety is not registered on the U.S. Treasury Circular 570, which lists each surety's contact information, Treasury limit, and the states in which they are licensed
- The bond does not have the surety's corporate seal
- There is little or no underwriting process for a large bond

Workers Compensation Insurance Red Flags

- Accident occurs in an area where injured employee would not normally be
- Accident occurs just prior to a strike, layoff or near the end of probationary period
- Accident occurs just prior to the company going out of business
- Accident occurs shortly after the employee reports to work on Monday (or late Friday afternoon)
- Activity causing the accident is not the type that the employee should be involved in
- Details of workplace accident are vague or contradictory
- Employee has leg/arm injuries at odd time (e.g., at lunch hour)
- Employer's first report of claim contradicts the description of accident set forth in medical history
- Fellow workers hear rumors circulating that the accident was no legitimate
- Incident is not promptly reported by employee to supervisor
- Incident shares many of the same factors of other claims reported by other employees in a relatively short period of time
- Workplace accident is not witnessed or witness description of the accident conflicts with the injured employee's version

Legal Insurance Red Flags

- Loss reported just after coverage starts or just before coverage lapses
- Delay in making claim
- Overly pushy for settlement
- Documentation appears altered
- Vague on the actual facts of the loss or has discrepancies in the facts of loss
- Insured drives the call and is usually knowledgeable about insurance terminology and/or claim settlement process
- Prior insurance claims
- Experiencing financial difficulties