

INDICATORS OF ONLINE/INTERNET APPLICATION FRAUD

Detection- The First Line of Defense

Most claims are legitimate, but some are fraudulent. Therefore, it is appropriate to review all claims for possible fraud. Detecting fraud is aided by familiarity with industry identified fraud indicators.

Indicators assist in the identification of claims which merit closer scrutiny. The presence of an indicator (or several indicators) do not prove fraud. Indicators of possible fraud are not actual evidence, they only “indicate” the need for further investigation.

Some claims, although questionable, may be paid due to a lack of conclusive evidence of fraud. However, they should be submitted as questionable claims to NICB for further review.

These indicators are specific to online/internet application cases and should be used in conjunction with NICB’s Indicators of Application Fraud and Rate Evasion Fraud.

For additional information on the following indicators, please see the NICB’s Interactive Indicator Guide. This Guide is a software application providing the concern associated with each indicator as well as suggested resolution steps. For access to the Interactive Indicator Guide, please contact NICB’s Training Department.

Regarding Applicant or Claimant or Insured

- ☞ During underwriting process or investigation past check fraud is discovered.
- ☞ Individual refuses to provide social security information or provides false/wrong social security information.
- ☞ Individual uses a “Mailbox Warehouse” (these are companies that are paid to forward mail that is delivered to them).
- ☞ Individual’s personal social networking website pages reference fraudulent or deceptive behavior.
- ☞ Initial phone number (and/or address) provided is incorrect and/or often disconnected or never in service.
- ☞ Is never available to meet in person, resists communication over the telephone and supplies all information by mail or email only.
- ☞ One or more claimants or insured list a post office box (mail drop) or hotel as address.

Regarding Application

- ☞ Unreported drivers and/or household residents.

Regarding Automobile Accident Schemes

- ☞ Accident occurs shortly after one or more of the vehicles were rented, purchased or registered.

Regarding the Claim

- ☞ After an accident the address of the driver/owner on police report differs from the named insured’s address on the policy.
- ☞ Claim appears to have occurred during a commercial business activity. Possibly a commercial vehicle on a personal lines policy (e.g. Livery, taxi, plumber, electrician, landscaper, contractor, etc.).
- ☞ Deceptive, vague, uneasy when communicating by phone.
- ☞ Driver not listed on the policy.
- ☞ Individual indicates property or auto is unavailable for inspection/viewing.
- ☞ Loss occurs at a time prior to the time stamp of online application.



- ☞ Online theft claim made for an item purchased online (with the insurance for the item obtained online) stating the purchased item was never delivered.
- ☞ Phone numbers and contact numbers are different for driver/owner than named insured.
- ☞ Vehicle owner on police report is someone other than named insured on policy.
- ☞ Vehicles added to policy online with loss occurring soon after.

Regarding Online Applications

- ☞ Address is a high rise apartment complex, but no apartment number is listed.
- ☞ Age inconsistent with occupation and/or education.
- ☞ Customer initially quotes a commercial policy then later buys a personal lines policy for the same vehicle.
- ☞ Health insurance is listed as primary with no health insurer identified.
- ☞ Individual's name on personal lines application/policy has wording inconsistent with personal lines policy, such as "co", "inc", or any non-name wording.
- ☞ Invalid driver's license number.
- ☞ Minimal and/or incomplete information provided.
- ☞ Multiple applications/policies utilizing the online application process in force.
- ☞ Multiple policies sold to the same mailing address or phone number.
- ☞ Name in email address differs from name of insured.
- ☞ Older vehicle insured with no deductibles for comprehensive/collision.
- ☞ Phone number area code does not match address area code or zip code.
- ☞ Same or similar email addresses on multiple policies.
- ☞ Same social security numbers of multiple policies.
- ☞ Same vehicle on multiple policies.
- ☞ Significant changes to personal information from online quote to online quote.
- ☞ Vehicle garaging address does not match mailing address or driver's license address.
- ☞ Youthful driver insures high value vehicle.
- ☞ Youthful driver insures vehicle with high limits of liability.
- ☞ Youthful driver insures vehicle with no deductible for comprehensive/collision.
- ☞ Zip code does not match the city on the application.

Regarding Payment

- ☞ Credit card information does not match individual's personal information (on single policy or multiple policies).
- ☞ Electronic (E) checks are returned for NSF and/or incorrect routing or account numbers (also applies to paper checks).
- ☞ Multiple online quotes prior to purchase.
- ☞ Multiple payments from different sources (e.g. initial payment EFT, another payment credit card or EFT from a different bank account).
- ☞ Multiple payments in first 30 days.
- ☞ Personal lines policy paid for with routing numbers/account number of a corporate bank account (and vice versa).

- ☞ Same bank account information on multiple policies with different named insureds.
- ☞ Significant electronic or conventional overpayment made. The scheme is to get a refund issued for the overpayment before NSF is discovered.
- ☞ Using bank information from accounts that are invalid, frozen accounts, not authorized or no account-unable to locate.

Regarding Policy Coverage

- ☞ Losses occur just before/after coverage takes effect, just before it ceases, just after it has been increased, or after a cancellation notice has been sent.
- ☞ More vehicles than drivers are listed on the policy.
- ☞ Reports significant coverage with prior insurer, but purchases very minimal coverage.
- ☞ There are multiple passengers at same address as the insured, but not listed on the policy as residences in household.

Regarding Technical/Computer Issues

- ☞ IP address geographical location does not match corresponding telephone number, area code, address, or zip code.
- ☞ IP address is assigned to a “public computer” (e.g. libraries, internet cafes, hotels, etc.).
- ☞ Multiple policies from the same IP address and/or under the same “cookie”.
- ☞ Potential customer’s computer blocks “cookies”.

Regarding Vehicle and/or Vessel

- ☞ No lien holder is reported (especially if new and/or high value vehicle purchased with cash).
- ☞ Vehicles registered to individuals not on the application or policy.