

INDICATORS OF RATE EVASION 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 rate evasion cases and should be used in conjunction with NICB’s Indicators of Application Fraud and Online/Internet 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

- ☞ An out-of-state phone number is provided by the applicant (e.g. an out-of-state pre-fix).
- ☞ Applicant does not disclose recent accidents, moving violations or points on their license.
- ☞ Applicant does not disclose that they possess a commercial driver’s license.
- ☞ Applicant lives in one state and works in an adjoining state.
- ☞ Applicant owns another, less expensive vehicle registered & insured in another (possible home) state.
- ☞ Applicant possesses an out-of-state driver’s license although he/she states they have lived in insuring state for over a year.
- ☞ Applicant refuses or cannot produce current identification and/or driver’s license, or has a temporary, recently issued, or out-of-state driver’s license/state identification card.
- ☞ Applicant requests all correspondences be sent to an out-of-state address.
- ☞ Applicant requests insurance documents be sent to a local business (e.g. bicycle shop, deli, etc.) instead of a residence.
- ☞ Applicant states they have attended a defensive driving course but cannot provide proof.
- ☞ Applicant states they will soon be moving to insuring state and wants to establish coverage before moving there.
- ☞ Does not provide a telephone number or states they do not have a home telephone or cellular phone and/or they will contact the adjuster.

Regarding Application

- ☞ Multiple unrelated individuals insuring vehicles at the same garaging address.
- ☞ Policy mailing address & residence address are different.
- ☞ Policyholder mail from the company comes back to the agency as “returned mail”.
- ☞ Residence address borders another state.
- ☞ The mailing address for the policy is an unusually long distance from the applicant’s/insured’s employment address.
- ☞ Unreported drivers and/or household residents.
- ☞ Works through a third party (sometimes including premium payments).



Regarding Claim

- ☞ An injured party in the loss reveals that they were in a hired vehicle at the time of loss.
- ☞ Claim history reflects losses when insured was driving to or from work.
- ☞ Driver different than the named insured listed on claims.
- ☞ Loss history reflects prior loss(es) in other state(s).
- ☞ Vehicle inspection records indicate the vehicle is driven more than the annual rate listed on the policy.

Regarding Payment

- ☞ Applicant pays the minimum dollar amount for premium down payment.
- ☞ Out-of-state checks are used for premium down payment and future premium payment(s).
- ☞ Policy is bound in person at the agent's office on a weekend.
- ☞ Policyholder lets the policy cancel after the initial payment.
- ☞ Policyholder wishes to pay all premiums by credit card over the phone.
- ☞ Wants to or already paid premium in cash or by other non-traceable method (e.g. cashier's check of money order).
- ☞ Wishes to set up automatic bank drafts.

Regarding Policy/Coverage

- ☞ More vehicles than drivers are listed on the policy.
- ☞ No prior insurance coverage is reported (or proof of prior coverage provided) although the individual's age would suggest prior ownership of a vehicle and/or property.
- ☞ There are multiple vehicles on policy with only one listed operator.

Regarding Vehicle and/or Vessel

- ☞ Vehicle has out-of-state plates.
- ☞ Vehicle listed on policy not generally thought of as a typical vehicle for the applicant (e.g. elderly grandmother requesting insurance on a sports car).
- ☞ Vehicle on policy is listed as having anti-theft device but the vehicle does not have one.
- ☞ Vehicle purchased/rented out-of-state or area (often for cash).
- ☞ Vehicle to be insured is statistically one of the most expensive vehicles on the market to insure.