

WHAT IS INSURANCE FRAUD?

People commit insurance fraud when they deliberately lie to an insurance company or agent to collect money and benefits to which they are not entitled.

INSURANCE FRAUD COSTS CONSUMERS

The Federal Bureau of Investigation estimates that insurance fraud costs over \$40 billion dollars each year. Insurance fraud costs the average U. S. family an average of \$400 to \$700 a year in the form of higher premiums. According to the National Insurance Crime Bureau, insurance fraud is the second most costly crime in the United States, next only to tax evasion. California leads the nation with the highest number of suspected insurance fraud cases. Automobile fraud is the most common type of insurance fraud.

COMMITTING INSURANCE FRAUD IS A FELONY

Under California law, the criminal penalties for committing insurance fraud are a felony conviction with a maximum incarceration time of five (5) years in jail and a maximum fine of \$50,000 or double the amount of the fraud, whichever is greater.

- Criminal prosecution of insurance fraud *does not require* actual monetary loss by the victim.
- People who commit insurance fraud can be found guilty without receiving any payout from the insurance company.

- Individuals who deliberately lie to insurance companies to help others obtain fraudulent benefits can also be criminally prosecuted.

THE MOST COMMON TYPES OF AUTOMOBILE COLLISION INSURANCE FRAUD

STAGED COLLISIONS: Organized criminal rings often create staged collisions involving unsuspecting motorists. These schemes include:

- **Sudden Stop:** The driver of the vehicle in front of you stops suddenly for no reason, causing you to rear-end the vehicle.
- **Yielding Right of Way:** You are motioned to go ahead or pass through an intersection. The other driver then purposely causes a collision and denies he or she ever yielded the right of way to you.
- **Phantom Pedestrian:** A pedestrian steps in front of or falls onto the hood or trunk of your car while you are waiting at a stop sign or backing out of a parking space. The pedestrian will typically wait until you are looking in the opposite direction before stepping out.
- **Stuffed Passengers:** Passengers who were not in the vehicle at the time of the collision.

WARNING SIGNS OF A STAGED COLLISION

Be aware of the following **red flags** if you suspect you are the victim of a staged collision:

- **Problem ID:** The other driver gives you a temporary identification without a photo, or the ID was not issued by the State of California
- **No Permanent Address:** The other driver provides you with a post office box instead of a local street address.
- **Quick Exit:** The other driver wants to get your insurance and contact information fast and leave the scene before the police arrive and a report can be taken.
- **Pre-Existing Damage:** The other driver's vehicle has pre-existing damage or damage that does not match the damage to your vehicle.
- **Insurance "Lingo":** The other driver uses words or terminology that suggests considerable knowledge of insurance procedures.
- **Unsolicited Referrals:** The other driver advises that you go to a specific auto body repair shop, law office, or medical office after the collision.
- **Growing Injuries:** The collision occurs at slow speeds and the other party initially only complains of minor injury. No ambulance is called, but later the injury is claimed to have grown into a serious medical condition for which they demand payment.

THE MOST COMMON TYPES OF AUTOMOBILE PROPERTY DAMAGE FRAUD

Various insurance fraud schemes involve illegal payments for automobile property damage, such as:

- Fake or Inflated Damages: Filing insurance claims for damages to a vehicle which are non-existent, pre-existing, or exaggerated.
- Vehicle Theft and Arson: Filing a false police report and insurance claim for a stolen vehicle. In fact, the vehicle is deliberately abandoned or set on fire in a secluded area by the owner, hoping to cash in on the insurance policy.
- Insurance After the Fact: A driver is involved in an accident and does not have existing automobile insurance coverage. The driver then purchases a policy and subsequently files a false claim by lying about the date of the accident.
- Body Shop Fraud: Dishonest body shop operators bill the insurance company for Original Equipment Manufacturer (OEM) parts when after-market or salvaged parts were used, or body filler was used to conceal the damage. Fraud can also involve excessive billing for automobile body parts or repair work that was not actually done.

WARNING SIGNS OF AUTOMOBILE PROPERTY DAMAGE FRAUD

If the other driver asks you to lie to the insurance company about the true date of an accident so you can get paid on a claim, **do not**

agree to do this, or *you* can be charged with insurance fraud.

If you suspect shoddy repair work was done on your vehicle by an automobile body shop, you can contact the Bureau of Automotive Repair (BAR) to perform a free automobile body inspection to verify that all repairs listed on your invoice were performed correctly.

RESOURCES

California Department of Insurance
(800) 927-4397 or (800) 927-HELP
www.insurance.ca.gov

National Insurance Crime Bureau (NICB)
(800) 835-6422 or (800) TEL-NICB
www.nicb.com

**California Department of Consumer Affairs
Bureau of Automotive Repair (BAR)**
(866) 799-3811
www.autorepair.ca.gov

Solano County District Attorney's Office
Automobile Insurance Fraud Unit
675 Texas Street, Suite 4500
Fairfield, CA 94533-6340
Telephone: (707) 784-6800
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Solano County District Attorney's Office



AUTOMOBILE INSURANCE FRAUD AWARENESS GUIDE