

Have You Been the Victim of Auto Insurance Fraud? How to Recognize the Signs of a Staged Accident

Organized Scams Defraud Consumers and Insurers Alike, Costing Billions of Dollars Annually

APRIL 22, 2011

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NEW YORK, April 22, 2011 — If you have been involved in an auto accident that just didn't feel right, it might not have been an accident at all. More and more criminals are devising elaborate staged vehicle accidents—complete with fake injuries—to collect on insurance policies, according to the [Insurance Information Institute](#) (I.I.I.). Not only can these staged accidents cost honest policyholders and auto insurers billions of dollars annually, but they create unsafe conditions on roads and highways—particularly when the scheme goes wrong.

“Staged auto accidents are a dangerous criminal activity that targets innocent drivers with increasingly bold schemes aimed at defrauding insurance companies,” said [Loretta Worters](#), vice president with the I.I.I. “Not only do honest policyholders ultimately end up paying more for auto insurance, but those committing the fraud can cause serious injuries or death.”

Staged accidents aren't the only way to defraud consumers. Fraud may be committed by a number of different parties involved in an insurance transaction: applicants for insurance; policyholders; third-party claimants; and professionals who provide services and equipment to claimants. In addition to staged accidents, common fraud practices include “padding,” or inflating actual claims; misrepresenting facts on an insurance application; and submitting claims for injuries or damage that never occurred, services never rendered or equipment never delivered.

Fraudulent automobile accidents occur more frequently in urban areas, where there is a greater number of vehicles, and in wealthier communities because drivers there are perceived to have better insurance coverage, the National Insurance Crime Bureau (NICB) noted. Criminals often target new, rental or commercial vehicles because they are typically well insured. Furthermore, criminals tend to prey on women driving alone and senior citizens since they are perceived to cause fewer problems and are less likely to be confrontational at accident scenes.

Such organized scams are especially common in states that have so-called “no-fault” auto insurance, a term used loosely to denote any auto insurance program that allows policyholders to recover financial losses from their own insurance company, regardless of fault. Twelve U.S. states have no-fault auto insurance laws, with Florida topping the list of no-fault states with questionable claims involving staged accidents.

The best defense against becoming involved in a staged accident and auto insurance fraud is to know what to look for. According to NICB, here are some of the more common staged accident scenarios:

1. **Swoop and Squat:** Usually involves three vehicles; two are driven by criminals, the other is the victim. The driver of the “squat” vehicle positions his vehicle in front of the victim's car. The driver of the “swoop vehicle” pulls ahead of the squat vehicle and internationally cuts it off, thus causing the squat vehicle driver to hit his breaks. The victim cannot react in

time and rear ends the squat vehicle. The swoop vehicle races off and is not seen again. The innocent motorist states the swoop vehicle caused the accident, but because that driver cannot be located, the victim has to pay the vehicle damage and personal injury claims of passengers in the squat vehicle.

2. **Side Swipe:** Typically occurs at busy intersections with dual left turn lanes. The criminal positions his vehicle in the outer lane. As soon as the victim's vehicle drifts into the outer turn lane, the criminal side-swipes it.
3. **Panic stop:** Here the criminal typically drives an older vehicle filled with passengers. The criminal positions his car in front of the victim's while a backseat passenger in the criminal's vehicle watches and waits for the innocent motorist to be distracted, for example, by a cellphone call. As soon as the victim is distracted, the driver slams on the brakes, causing the innocent motorist to rear-end the criminal's vehicle. The victim's insurance company must pay for vehicle damage as well as injuries that the passengers may claim to have suffered from the accident.
4. **Drive down:** In this scheme, the victim merges his vehicle into traffic after being motioned to do so by the criminal. As the innocent driver begins to merge, the criminal speeds up and causes a collision. When questioned, the criminal denies motioning the victim to merge into traffic or gives excuses.

Here are some warning signs that fraud is being perpetrated:

1. People who suddenly appear at an accident scene and try to direct you to specific doctors and attorneys—these so-called “runners” are usually part of the criminal scheme as well.
2. Physicians who insist you file a personal injury claim after an accident, especially if you are not hurt.
3. Tow trucks that arrive on the scene without anyone having called them. These tow trucks might be working in concert with unscrupulous medical or legal providers.

If you have been in such an accident and suspect fraud:

1. **Call the police or highway patrol.** Trust your instincts. Let the police know you suspect fraud. Obtain a police report with the officer's name, even if the damage is minimal. If the report describes damage to the claimant's car as a “nick,” it is harder for criminals to intentionally damage the car later and try to collect a larger claim against your insurance policy.
2. **Contact your insurance agent or company representative as soon as possible,** regardless of who is at fault. Even if the accident appears minor, it is important that you let your insurance company know about the incident. Let them know you suspect fraud and why.
3. **Call the NICB's toll-free hotline at 1-800-TEL-NICB (1-800-835-6422).** Your call can be anonymous and could be eligible for a reward.

The I.I.I. also recommends taking notes at the scene of an accident. This will make the claims process easier and provide a record of the accident in event there is a fraud investigation. Keep a pad and pencil in your glove compartment in order to note the following:

- The names and addresses of all drivers and passengers involved in the accident
- License plate numbers
- Make and model of each car
- Drivers license numbers
- Insurance identifications

- Names and addresses of witnesses
- Names and badge numbers of police officers or other emergency personnel

INSURANCE FRAUD RESOURCES

- [Issues Updates: Insurance Fraud](#)
- [Facts and Statistics: Fraud](#)
- [Presentation: No-Fault Auto Insurance Fraud in Florida: Trends, Challenges & Costs](#)
- [Testimony: I.I.I. Testifies on No-Fault Auto Insurance Fraud in New York State](#)

For more information on insurance fraud contact the [National Insurance Crime Bureau](#) or the [New York Alliance Against Insurance Fraud](#).

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