

Extinguishing Arson Fraud

Whether an arson fire is an elaborate scheme involving organized criminal conspiracies, or a more elementary scam to "get a little money" on an insurance claim, these insurance crimes cost you. Beyond the financial costs, these crimes can also jeopardize the safety of you and your family if an intentionally set fire spreads to your property or workplace, causes a vehicle accident, or releases toxic fumes into the atmosphere.

The nation's property/casualty insurers have specialized teams of claims professionals and investigators who examine suspicious fire claims. Working in conjunction with fire and police agencies, as well as experts in the origins and causes of fires, the insurance industry is dedicated to the prevention and detection of arson, and uncovering potentially fraudulent claims that cost them and their policyholders billions of dollars annually.



For More Information

The National Insurance Crime Bureau (NICB), a not-for-profit organization which creates insurance fraud and vehicle theft solutions, and the nation's property/casualty insurers want to help you avoid becoming a victim of property and vehicle arson fraud crimes.

You can learn more about insurance fraud schemes, and how you can protect yourself from these crimes on the NICB's web site: www.nicb.org.

Call the NICB's toll-free hotline if you suspect insurance fraud or vehicle theft:

1.800.TEL.NICB.
(1.800.835.6422)

Your call is free.

Your call can be anonymous.

You could be eligible for a reward.



1111 E. Touhy Ave., Ste. 400
Des Plaines, IL 60018
1-800-447-6282
www.nicb.org

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Arson Fraud

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The Heat is On

Most people do not think of arson as insurance crime, but it usually is. While news headlines often emphasize the damages, injuries and fatalities caused by intentionally set fires, these crimes cross the line into insurance fraud when arsonists submit insurance claims for damages and losses caused by the blazes.

That's where arson affects you...even if the fire occurs thousands of miles away.

Like other types of insurance crime, you pay the price for arson fraud through higher insurance premiums. The National Fire Protection Association estimates there are more than 100,000 intentional structure and vehicle fires annually, causing in excess of \$2 billion in direct property damage. Year after year, intentional fires consistently rank first among the major causes of structural fire dollar losses.

Arson-related insurance claims contribute to the billions of dollars lost annually to insurance fraud in the United States. A significant amount of those losses are then passed on to consumers in the form of higher insurance premiums as a result of insurance fraud. All too often, the public perceives arson solely as an insurance company issue, but it's your problem too.

Property Arson: Money Fans the Flames

There are countless reasons why people commit property arson. While juvenile offenders frequently set intentional property fires for thrill-seeking or vandalism purposes, adults typically do so for financial-related reasons. Arson-for-profit can be economically lucrative and is a classic method for committing insurance fraud.

There are many potential motives for burning commercial and residential buildings and property to collect insurance proceeds:

- To alleviate financial problems, such as heavy debts or pending bankruptcies
- To replace old or damaged equipment and household goods
- To quickly liquidate a business or unwanted inventory
- To rebuild or remodel a home
- To dispose of illegal chemicals
- To cover other crimes, such as tax evasion or financial scams
- To claim losses on non-existent property

While an arson blaze can destroy physical evidence, insurance investigators follow a paper trail to uncover a suspicious property fire's origin and cause. Among other techniques, they will typically review a claimant's mortgages, financial records, ownership paperwork, business records and previous claims history to help determine if the property fire claim is truly legitimate or an attempt to fraudulently make money.



Vehicle Arson: Hot Wheels Burn Everyone

The planned, intentional burning of a vehicle in order to collect an insurance claim payoff is an increasingly common scheme, and like property arson, is one we all pay for. As an example, the National Fire Protection Association estimates one in six highway vehicle fires are intentionally set.

Since vehicles contain large amounts of combustible material, people contemplating vehicle arson can incorrectly assume a fire will easily consume the vehicle and hide the criminal evidence, so they claim an "accidental" fire to their insurer. Safety and engineering designs, however, have made it very difficult for a vehicle to burn under normal conditions, and insurance investigators utilize a wide range of testing techniques to uncover potential arson.

Like property arson fraud, vehicle arson fraud schemes are oftentimes financially motivated. People have an instant criminal motive when a vehicle is worth more in an insurance claim than it is on the market. Some of the more common fraud-related reasons for vehicle arson include:

- Owner cannot afford the vehicle payments
- Vehicle is worth less than the payments owed on it
- Vehicle is in poor mechanical condition and the owner cannot sell it
- Owner has exceeded lease terms, such as mileage limits
- Owner wants a nicer vehicle
- Vehicle was used in other insurance fraud or theft schemes and is set ablaze to cover up those crimes