AUTOMOTIVE INSURANCE FRAUD

What we normally call automotive insurance fraud is committed when a person intentionally deceives an insurance company in applying for insurance or in making a claim on his or her personal or commercial motor vehicle insurance. Using untrue or misleading information or documentation, such as receipts, bills, test results, or any evidence of false injury, loss or expense, to support a false auto claim is a felony punishable by up to seven years imprisonment. Using untrue or misleading information in applying for insurance is a misdemeanor, punishable by up to five years imprisonment.

Examples of automotive insurance fraud include:
- Providing false information to an insurance company about a residential address or where the vehicle is garaged and operated.
- Driving uninsured, getting into an accident, purchasing insurance, then claiming the accident happened after the policy took effect ("crash and buy").
- Submitting phony claims with false information about injuries sustained in an accident.
- Falsifying or inflating medical bills for the treatment of injuries.
- Inventing injuries for people who were not in the vehicle at the time of the accident (such people are known as "jump-ins").
- Inflating damage claims, such as the extent of damage or the true cost of repairs to the vehicle.
- Falsely claiming that damage to the vehicle was caused by an unknown vehicle that fled the scene (known as a "phantom vehicle").
- Misleading an insurance company into paying to repair damage that was already on the car when it was purchased.
- Claiming the car was stolen, after abandoning, burning, or paying someone to get rid of it (known as an "owner give-up").
- Intentionally causing vehicle collisions to collect on claims for damage done to the vehicles.
- Faking or staging an accident, where one or more criminals cause intentional collisions and needlessly undergo medical treatments in order to get undeserved payments for injuries that never occurred or vehicle damage deliberately caused.

Recent IFPA statistics on the incidence of fraud in Pennsylvania found that:
- Incoming complaints of auto insurance crimes ("referrals") from all sources in Pennsylvania were 51 percent of all referrals in 2014.
- Sixty-three percent of arrests in 2014 were related to fraudulent motor vehicle insurance applications and claims.

The most common fraud behaviors involving motor vehicle insurance in 2014 were:
- False Proof of Insurance (6 percent)
- Bogus or inflated vehicle damage claims (27 percent)
- Policy/Coverage Loss (25 percent) – this would include crash and buy along with adding coverage after loss.
- Bogus or inflated injury claims (5 percent)
- Non-PA residents' fraudulent use of PA motor vehicle insurance to evade the costs of the home states' motor vehicle insurance (8 percent)
- Bogus claims of stolen vehicles (12 percent)

Typical Opportunistic Automotive Insurance Fraud Scenarios

SCENARIO 1
Susan was driving without insurance and had an accident. When she applied for insurance, she lied. She said she'd had no accidents. Then she filed a claim saying that her car had been damaged, lying that the accident happened after the policy took effect.

SCENARIO 2
When Howard purchased his policy, he admitted his adult son Trevor lived with him but didn't have a valid driver's license. So Trevor was listed on the policy as an "excluded driver." Howard's policy was clear that the insurance company would not pay any claim for loss or injury if Trevor was operating the vehicle at the time of an accident. But after Trevor crashed Howard's car into a telephone pole, Howard submitted a claim and lied by saying he was driving.

SCENARIO 3
After Mickey's car was rear-ended, he didn't feel so hot. But he exaggerated the extent of his injuries saying his neck and back hurt and went for medical treatment he knew he didn't really need in order to get a larger settlement from the insurance company.

SCENARIO 4
The transmission on Joan's SUV was shot and mechanics told her it would cost $4,000 to fix. She couldn't sell the SUV and still owed the bank $2,500 on her auto loan. She gave her keys to a "friend" to get rid of the SUV for her and reported to the police and her insurance company that the SUV had been stolen — so the insurance company would pay off her auto loan.

Total arrests involving motor vehicle crimes: 281
Broken down as follows:

DMV, Title	**2**	**1%**
False Proof of Insurance	**18**	**6%**
Policy/Coverage Loss	**69**	**25%**
Bogus/Inflated Damage	**76**	**27%**
Bogus/Inflated Injury	**14**	**5%**
Rate Evasion/Non-Resident	**22**	**8%**
Bogus Auto Theft	**34**	**12%**
Concealed/Excluded Driver	**16**	**6%**
Other	**30**	**11%**

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