



AMERICAN POLICYHOLDER
ASSOCIATION

HOW TO AVOID INSURER FRAUD AFTER NATURAL DISASTERS

A consumer's guide to getting a fair claim paid by your insurance company

Dear Policyholder,

Experiencing a disaster is incredibly difficult and the experience will impact you for the rest of your life. Many of us in the APA have stood in your shoes & know what you're feeling. I personally have lived through losing everything in a disaster and have experienced fraud first hand.

There are two facts that you need to be aware of:

- 1) You are in crisis: You have experienced a trauma, your life is severely disrupted, and you have a diminished capacity to make decisions at a time when so many decisions will be forced on you.
- 2) Many individuals & corporations are active in disaster zones: not all of them are here to help. The chaos of a DZ along with the diminished capacity of storm victims creates a perfect environment for fraudsters of all types to take advantage.

Insurance is an important financial tool that Americans count on to handle a loss. You have prudently purchased a policy & paid your premiums: now you will need it to rebuild your life. Because the amount of policyholders needing help will exceed the capacity of insurance company claims departments, extra help will need to be brought in & some fraudsters may find their way onto your insurance company's payroll. When consumers are victims of fraud perpetrated by insurance company employees or vendors (such as engineers or independent adjusters) it is known as "Insurer Fraud" or "Carrier-Side Fraud".

The American Policyholder Association was formed to protect consumers from such crimes. While we are staunchly against all forms of fraud, we focus specifically on insurer fraud committed against consumers. To this end, we have developed tips to assist you in being proactive in defending yourself against fraud. We sincerely hope this helps you have a fair & honest insurance claim process to get you back home as soon as possible.

Best of luck!



Douglas E. Quinn
Executive Director
American Policyholder Association

REPORTING INSURANCE FRAUD

IF YOU SUSPECT THAT YOU HAVE BEEN A VICTIM OF CRIMINAL INSURER FRAUD, YOU SHOULD REPORT IT IMMEDIATELY TO:

- Your State's Dept of Insurance
- Your County Prosecutor's Fraud Dept
- Your State's Attorney General
- The APA Fraud Reporting System for APA members
<https://apassociation.org/make-a-report/>

You can find the contact details for these departments online or by calling your County or State Government offices.

ABOUT THE APA

THE AMERICAN POLICYHOLDER ASSOCIATION IS A NON-PROFIT 501C4 WATCHDOG ORGANIZATION THAT PROMOTES INTEGRITY, HONESTY AND BEST PRACTICES IN THE PROPERTY LOSS ADJUSTMENT SECTOR OF THE INSURANCE INDUSTRY.

The APA is primarily focused on protecting consumers from insurer fraud, which can be rampant in a post-disaster environment.

The APA is comprised of:

- Property owner policyholders
- Non-profit organizations
- Advocates who's mission it is to provide aid to property owners seeking benefits at the time of loss.

The APA has been active in Disaster Zones all over the country to assist victims and work with Attorneys General & prosecutors to protect Policyholders from insurer fraud.

TIPS TO AVOID INSURER FRAUD AFTER NATURAL DISASTERS

1 DON'T BE AN EASY VICTIM

Be an educated consumer who understands the claims process, the roles of parties involved, timetables etc. Ask questions: be cooperative, but insist on transparency & fair treatment.

2 UNDERSTAND THAT INSURANCE CO. INTEREST IS ADVERSE TO YOURS

Insurance Claims Are a Zero Sum Solution - if you get paid a dollar, the Insurance Company loses a dollar. This may motivate employees to ignore damage or change reports in order to "tell the boss what they want to hear".

3 THE ADJUSTER/ENGINEER INSPECTING YOUR HOME MAY NOT BE YOUR INSURANCE CO'S DIRECT EMPLOYEE

Some IC's hire 3rd party administrators who hire subcontractors who hire more subs etc. For anyone who comes to your home; get a business card but also check their ID & take a picture.

4 BURDEN OF PROOF IS ON CONSUMER

Document all damage - take many pictures from multiple angles of all damaged items & property immediately after loss. Find receipts & pre-loss pics from social media etc.

5 CREATE ORGANIZED, DETAILED FILES

Disorganization & confusion makes you an easier victim. You may have to start from scratch after losing valuable paperwork in the disaster.

6 KEEP A LOG OF ALL COMMUNICATION

Who, What, When, Summary of convo etc. Communicate via E-mail as much as possible. Record Conversations (where legal). Back-Up Voice Calls with E-mail Summary to other party to create a written record. Keep copies of all docs you send to Insurer.

7 VIDEOTAPE & TIME INSPECTIONS

Remember; vendors such as adjusters & engineers sent by your Insurer are loyal to the IC's interests (the people who write their check) not yours. Videotaping & timing inspections is important. Did they view all damaged areas of property carefully? How long were they on roof, in crawlspace etc? Inform adjusters / engineers in advance that you will be videotaping. Be polite but firm. Don't get in the way. A professional with nothing to hide should have no problem with this.

8 VENDORS RECOMMENDED BY THE INSURER ARE YOUR RESPONSIBILITY

If your IC refers you to a contractor, you are responsible for the payment but that vendor may be loyal to the IC & not you. Some may be "wolves in sheep's clothing" who may alter, hide, or limit damage to save the IC money. We have even seen repairs recommended using lower quality materials or aren't compliant with local building codes.

9 REQUEST COPY OF ADJUSTER/ENGINEER REPORT

Get both the Preliminary & Post - "Peer Review" reports (Peer Review is the process where other professionals who may not have ever seen your property review the original inspector /engineer's report and may make changes that are not in your favor).

10 EXAMINE REPORTS CAREFULLY

Look for inconsistencies, 'Cut & Paste' Reports (watch for wrong name, address etc that suggests they are using someone else's report). Confirm that "Conclusions" at end of report match "Observations" in previous section of report. Double Check if description of original construction/materials are accurate. Is your IC claiming damage caused by previous weather event without proof? Confirm that ALL recommended repairs meet local building codes.

11 NOTE CHANGE OF PARTIES: NEW CSR, CLAIMS MGR, ADJUSTER, ETC

Is the new party up to speed on your case? Are existing reports getting 'lost' & they're ordering new inspections? Do they "start from scratch" thereby creating confusion and delaying claims process?

12 GET INVOLVED WITH GRASSROOTS ORGANIZATIONS, VICTIMS GROUPS, SOCIAL MEDIA PAGES TO STAY INFORMED & SHARE INFORMATION.

13 JOIN THE APA

Put potential fraudsters on notice that you are part of a national consumer advocacy organization that fights fraud. **Membership for policyholders is free.**

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