Insurance Fraud and Motor Vehicle Collisions

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Insurance claims for property damage and personal injury involving fraudulent claims arising from motor vehicle accidents are a significant problem in this country. Estimates indicate that 25 percent or more of all claims involve fraud. Sometimes, these claims are difficult to identify, other times, they are very obvious.

Unfortunately, ripping off insurance companies is relatively easy. Chances of getting caught are minimal. When the rip-off artist does get caught, chances are, he/she will not be prosecuted. It's like walking into a bank and asking the teller for all the money. The teller will either give it to you, or he/she won't. If you do get it, you'll walk out with it. If you don't, you'll just leave and try another bank with little fear that the police will be following you. It is unfortunate that some put such crimes into the category of ***victimless.*** Insurance fraud ***has*** a victim. It's you and me and every person that pays an insurance premium. That premium is based, in part, on pay-outs the company has made the year before.

It has been our experience that a great number of fraudulent claims go undetected. Most of the perpetrators of these acts are not sophisticated in their methods. An example is the white car that ***supposedly*** struck the blue car. Close examination of the body damage shows clear evidence of red paint cross-transfer. Better still, how about one car being totaled and the other showing no evidence of a scratch?

The injuries claimed from these fraudulent acts are varied, but generally they involve

soft-tissue type claims; headaches, cervical, and spinal injuries lead the list. In most cases, the claimant's injuries simply cannot be related to the alleged event. One of the classic fraud schemes is the rear-end impact. In a staged event, one driver will claim to have been struck in the rear by the insured. At impact, the rear-ended driver (or passenger) will claim that he/she was thrown forward (generally violently) where he/she impacted the dash, steering wheel, or windshield. Wrong! Occupants in vehicles that are rear-ended don't get thrown forward ***- they get forced back into their seats.***

As simple as this observation may be, one would be amazed at the number of such claims paid without the slightest inquiry. Inconsistencies are missed all the way through the system. To the investigator, there are some indicators that might act as red flags in the evaluation of a potentially- fraudulent claim. Some of these indicators include:

Lost Wage Indicators:

The significance of these and the following indicators is sufficiently self-evident to make explanations unnecessary.

- Employer's name cannot be verified.
- Employer's business address is a PO box.
- Lost wage statement is not business-like.
- Employment hire date is just prior to loss.
- Insured/claimant is self-employed or is related to boss.

Insured/Claimant Indicators:

- Insured/claimant is in auto-related business.
- There are numerous unrelated occupants in either vehicle.
- Occupants become known only "after the fact."
- Insured/claimant accepts small settlement rather than document the case.
- Insured/claimant is knowledgeable about insurance and/or knowledgeable about repair terminology.

Medical/Legal Indicators:

- All injuries are subjectively diagnosed: Headaches, Whiplash, Sprains, Cervical and Lumbar Injuries.
- Minor collision results in major medical specials.
- Medical invoices not itemized, no indication of date of treatment.
- Documentation submitted consists of photocopies.

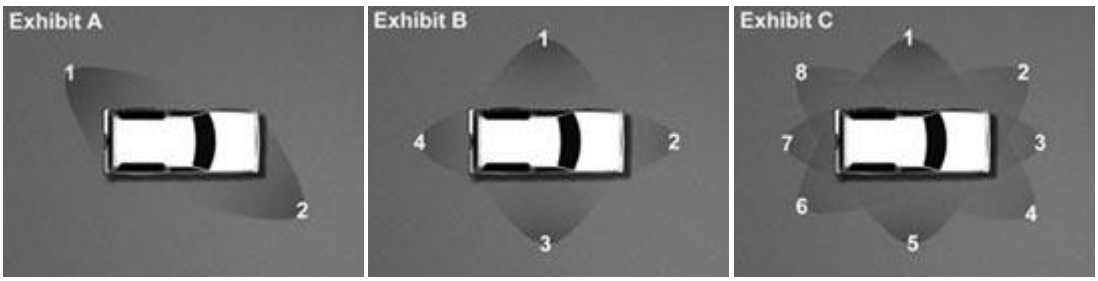
- Occupants in both vehicles treated by same doctor(s).

When you develop a suspicion that a claim may be fraudulent, there are a number of things that should be examined in detail.

Statements are a valuable tool to record what people have to say about an event. This topic alone deserves a special section in this manual. Keeping in mind their importance, we are offering other observations and methods of documenting important data. This data relates to the objective physical evidence and the predictable dynamics of motor vehicle collisions.

A top priority is the proper documentation of the damaged vehicles through the use of photography. This is very important - photographs taken by you (or at your direction) may later be used as evidence in a court proceeding. Good photographs show an evident concern on the part of the investigator that he/she is doing a comprehensive job documenting the evidence. This is a display of professionalism on the part of the investigator/claims handler.

The following exhibits depict (A) the very minimum number of photographs to be taken; (B) a much better selection; and (C) the best series of photographs for documentation.



Whenever possible, a measuring device should be included in your photographs and should be used when photographing both the damaged and the undamaged areas of the vehicle. The measuring device is a useful tool to evaluate matching damage profiles. For example, let's say a Ford Escort allegedly struck the side of a BMW on the passenger's side. Once we have the measurements of the Ford's bumper height, we can compare it with the damaged

area on the BMW to see if it matches; not only in height, but in width as well. (Remember weight shift: if a vehicle is braking during the impact, the bumper will likely make contact at a lower point than its static measurement.) Much of accident reconstruction involves this approach. In order to begin an analysis, the pieces of the puzzle must match. The damage profiles are the best physical indicator to determine how these vehicles came together.

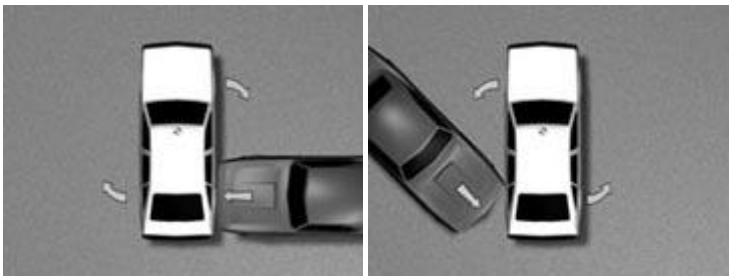
It is not unusual for a vehicle to be damaged by means other than that reported in the insurance claim. For this reason, it is important to document the damage, match the damage profiles, and look for evidence of physical cross-transfer. For example, if a red vehicle makes contact with a white vehicle, one would expect the presence of paint smearing on the respective vehicle. In your examination, if you find blue paint as a cross-transfer, you have a problem, or should I say, someone has a problem. Paint sample analysis is very cost efficient and is compelling evidence in the courtroom.

Occupant Kinematics

Newton's First Law of Motion is commonly referred to as the Law of Inertia. When we deal with occupant movement, we rely on this principle, which states "Every object in motion tends to stay in motion, and every object at rest tends to remain at rest, unless acted on by an external force."

An occupant traveling in a vehicle is traveling at the same speed as the vehicle. When an external force acts on the vehicle, the occupant continues to move in the original direction or speed of the vehicle. In a collision, the independent movement of the occupant continues until the occupant collides with the interior of the vehicle, or the occupant is stopped by the restraining device.

The analysis of occupant movement as a result of a collision is useful for many different purposes in a collision investigation. In a severe collision, occupant kinematics can be used to determine which occupant was driving the vehicle. In the questionable claim, occupant kinematics may be useful to determine if the occupant's description of movement is consistent with the collision. Many times, the description of movement by an occupant may be inconsistent with the collision, which may indicate the "occupant" was not in the vehicle when the collision occurred or is exaggerating the description of movement to coincide with the injuries claimed.

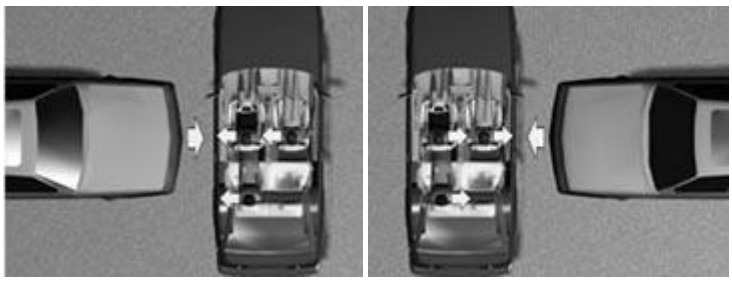


One complicating factor in occupant kinematics is vehicle rotation. Although the same principles apply in vehicles which rotate, the rotation may "change the destination" of the occupant. For instance, if the driver's direction of travel indicates secondary contact with the passenger's side of the dash, and if the vehicle is also rotating

counterclockwise, the actual secondary contact may occur on the passenger's door panel. Vehicle rotation can be quantified so that accurate occupant movement can be determined.

In any collision, the occupants of a vehicle will move in a predictable manner. When the collision occurs, the vehicle will be redirected while the occupant will still tend to travel in the original direction of the vehicle. The resultant movement of the occupants within the vehicle is opposite and parallel to the principal direction of force acting on the vehicle.

The following illustrates the general movement of the occupants in a collision.



Review and Supplementary Facts

Occupant Kinematics is based on Newtonian Physics:

- Occupants stay in motion when car crashes unless acted upon by restraint.

- Occupants move parallel to and opposite to the line of intruding force.
- The controlling parameter - acceleration - can be altered through the use of crash-worthiness technology.
- Kinematic motion is controlled by coupling the occupants between the seat and the seat belt.

Seat Belt:

- Controls motion in frontal collision (and certain angular and lateral impacts).
- Permits occupant ride-down.
- Minimizes secondary collision. In many cases, it is the secondary impact within the vehicle that causes the greatest injury. Identifying this point is important in your evaluation.

The Seat:

- Provides restraint in rear-end collisions.
- Prevents relative motion between spinal segments.
- Can enable high load protection.
- Does not create bounce and spring-load effect.

Seat Back Restitution:

Contrary to popular belief, seat backs are not trampolines. Their coefficient of restitution is very low. Bouncing off of seat backs, in most cases, is nothing more than recovering from a rear-end loading (impact). It will not throw one into the windshield. If the force were that great, the rear seat back would bend backward and in some cases, break.