



Spectrum Investigations

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Property/Fire

Red Flag Warnings

"Red flags" can help identify suspicious claims

There are numerous "RED FLAGS" that can raise suspicions regarding the validity of an alleged injury, claim or incident. While "RED FLAGS" can assist in evaluating a claim, only a THOROUGH INVESTIGATION can uncover all the facts. If you have doubts about an alleged claim or incident, please call our office. Our job is to assist you in verifying the facts of the claim.

General Property Fraud Indicators

- Receipts allegedly stolen or destroyed
- Insured had loss at same site within preceding year; prior loss, though small, may have failed to liquidate the contents
- Insured is heavily indebted
- Insured refuses replacement items
- Loss occurs at night or early morning hours
- Risk is over-insured
- Public officials indicate the loss is suspicious
- Items claimed in loss recently scheduled or added to policy
- Loss includes large amount of cash
- Loss inventory includes high number of recently purchased "big ticket" items

- Insured(s) balk at signing releases
- Commercial loss involved seasonal inventory
- Business/home is for sale or moving
- Insured handles all business in person, thus avoiding the use of the mail/fax
- Insured is willing to accept an inordinately small settlement rather than document all claim losses
- Insured contacts agent to verify coverage or extent of coverage just prior to loss date
- Losses are incompatible with insured's residence, occupation and/or income
- Marital problems; items claimed as stolen are part of property settlement in a recent divorce

Arson Fraud Indicators

- Building in deteriorating condition and/or located in a deteriorating neighborhood
- Fire scene reveals absence of expensive items normally found in risk
- Absence of family Bible, family photos or any other items of sentimental value
- Absence of other items normally found in home or business
- Responding police/fire personnel report all doors, windows and means of entry/exit to building were secure
- All keys to the premises are accounted for
- Clocks, candles or other timing devices are found at scene
- Items that usually do not burn, such as jewelry, firearms, coins, etc., are missing from debris
- Obsolete inventory is substituted for modern general inventory prior to the loss

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- Accelerant identified is foreign to the premises and no container or other means of starting a fire is found at scene
- Multiple points of origin in key locations and/or throughout premises
- Alarm/sprinkler system turned off or inoperable at time of loss
- Insured's whereabouts at the time of the loss is questionable or varies from normal routine
- Fire occurs while property is vacant or unoccupied
- Family pet survives the fire or is unusually absent from premises
- Insured uses fire as means to break tenant/lease agreement
- Unable to sell business/home
- Knows claim filing procedures, terminology and paperwork
- Has a criminal history
- Hesitates in providing a sworn/recorded statement
- Is separated or involved in divorce proceedings
- Has a failing business
- Has a prior/excessive history of loss
- Recently became unemployed
- Recently filed for bankruptcy
- Is interested in a quick settlement
- Insured has more receipts/invoices for contents than normal
- Receipts/invoices appear forged or altered
- Building and/or business was recently purchased
- Fire site is claimed by multiple mortgagees or chattel mortgagees

Burglary/Theft Fraud Indicators

- Losses include total contents of business/home including items of little or no value
- Losses are questionable, i.e. home stereo stolen out of car, fur coat stolen on trip to Hawaii
- Losses include numerous family heirlooms
- Losses include numerous appraised items and/or items of scheduled property
- Extensive commercial losses occur at site where few or no security measures are in effect
- No police report or an over-the-counter report in situations where police would normally investigate

Claims Process Fraud Indicators

- Insured over-documents losses with a receipt for every loss and/or receipt for older items of property
- Insured's loss inventory differs significantly from police department's crime report
- Insured cannot provide receipts, cancelled checks or other proof of ownership for recently purchased items
- Insured provides numerous receipts for inexpensive items, but no receipts for items of significant value
- Insured provides receipt(s) with incorrect or no sales tax figures
- Insured provides receipt(s) with no store logo (blank receipt)
- Loss inventory indicates unusually high number of recent purchases

- Insured cannot recall place and/or date of purchase for newer items of significant value
- Insured indicates distress over prospect of an examination under oath
- Insured cannot provide bank or credit card records for recent purchases of significant value
- Insured provides receipt/invoices from same supplier that are numbered in sequence
- Insured provides receipts from same supplier with sequence numbers in reverse order or purchase date
- Insured provides two different receipts with same handwriting or typeface
- Insured provides single receipt with different handwriting or typeface
- Insured provides credit card receipts with incorrect or no approval code

Business Related Fraud Indicators

- No signs of forced entry or the alleged point of entry/exit is inconsistent with the circumstances of the loss or items stolen
- Neighbors/witnesses observe movement of property/inventory out of location prior to reported loss
- Excessive inventory compared to sales
- Insured pays suppliers on a C.O.D. basis
- Poor business location
- Business encounters declining financial conditions
- Business records taken during theft
- Insured substantiates inventory loss via "unusual" practices, such as providing serial numbers when these normally aren't recorded



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