

## Red Flag Indicators for Arson

### Indicators of Arson Fraud:

- Manufactured, Altered receipts or misrepresented replacement receipts- lack of receipts for big ticket items.
- Hidden damage of property prior to loss (i.e.; Termites)
- Fires during remodeling (found too much work needed)
- Policy about to expire or new policy
- Vacant Buildings with no potential- Building for sale
- Financial distress indicated- recent bankruptcy
- Fire occurs between 2 am and 5 am
- Insured removes items just before fire
- Family photos, prescriptions, toothbrushes, trophies, etc, not found at scene
- Area of greatest damage and fuel load don't match
- Inside family pet survives
- Prior fire losses (especially similar circumstances)
- A build-up of previous losses / claims amounts
- Normal living items missing or replaced with junk
- Fire occurs while gone for a three (3) day weekend (especially businesses) with insured out of town
- Unreasonable delay by insured of reporting loss
- Fire/Burglary Alarms and/or sprinklers inactive at time of loss
- Recent adverse notices to Insured by City Government
- Doors locked at time of fire or Firemen had to force enter- limited number of keys
- Tips phoned in to Company, Agency, Police and or Fire Department, naming the insured



## Indicators of Arson Fraud:

- Insured provides detailed inventory loss quickly after fire
- Insured sends others to provide loss information
- Recent divorce or breakup
- Recent business partner split or dissolution
- Unpaid Property Taxes or Sheriff's sale imminent
- Recent job loss
- Insured recently arrested or sued (needs attorney fees)
- Contract seller with separate insurance/ history of loss
- Business fires with windows covered just prior to loss
- Recent medical problems without proper insurance
- A fire started in a bed.
- A fire in a place where there is no natural source of ignition available.
- A fire where the debris does not justify the extent of the claim.
- A burglary where easily sold items are left and extremely valuable, unique and difficult to sell items are taken.
- A Fire Where There is Inadequate Contents and No Burglary Reported.
- An insured who has receipts for every item claimed lost
- An insured who has no invoices or receipts.
- The insured who has only xerographic copies of receipts.
- The Insured provides receipts from the same supplier with sequence numbers in reverse order of purchase date.
- A fire shortly after the issuance of the policy
- A fire on a policy that is the insured's first insurance.
- The insured provides receipts with incorrect or no sales tax figures.



## Claims Associated with the Insured

- Insured is unusually knowledgeable with regards to the insurance terminology and the claims settlement process.
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- Insured handles all business in-person, thus avoiding the use of the mails and potential prosecution for violation of Federal fraud statutes.
- An insured that is in financial difficulty.
- A loss shortly after the limits of the policy is increased.
- The insured is exceedingly cooperative and undemanding.
- The insured is exceedingly uncooperative and demanding.

## Red Flags at the Inception of Policy

- The insured seeks to increase limits inordinately.
- The insured increased limits shortly before fire.
- The insured prefers to come to the broker.
- The insured asks the broker not to visit the insured's location.
- The insured asks his broker: "Is Arson Covered?"
- The insured *insists* on reading the policy wording before agreeing to coverage.
- The insured is not concerned about the amount of premium.
- The insured insists on receiving policy wording before taking possession of property.

