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Zany, bogus scams don't fool insurers

Fraud coalition releases 2004 list

These stories strange but true

If you ask the average law-abiding Canadian the total value of the contents of his or her home, you will probably get a fairly good attempt at an honest answer.

But if you ask the same person the same question after those contents have been damaged or stolen, the value might be significantly higher.

Back in 1996, the Insurance Bureau of Canada (<http://www.ibc.ca>) created the Great Canadian Ethics Challenge to test the honesty of Canadians in an insurance context. Overall, the majority of Canadians polled said they would act ethically in most of the scenarios; but they were far less confident that their fellow citizens would under identical circumstances.

For example, in response to a scenario in which a bank machine gives a customer more money than it recorded on the bank receipt, 69 per cent of the people surveyed said they would report the error to the bank but they thought only 22 per cent of other Canadians would do the same.

Every year, the Canadian Coalition Against Insurance Fraud releases its top 10 list of the zaniest insurance frauds of the previous year. Here are some of my favourites from the CCAIF list of frauds in 2004. The stories are true.

Para illegal: Paralegals are supposed to be an inexpensive alternative to lawyers, but for the clients of one paralegal it proved to be a very costly choice. The paralegal claimed to be a "specialist" in settling auto insurance cases. Indeed, he turned out to be very successful in settling claims. The problem was he didn't share the good news with his clients and, instead, pocketed their money. Not that he was always indifferent to his clients' suffering; sometimes this thief would give clients half of their settlement and keep the rest. Eventually, investigators caught on and the jig was up.

Rock heads: This rock band wasn't particularly successful but its members, unlike most starving musicians, weren't prepared to suffer for their art. Some of them decided to make insurance companies and their policyholders do the suffering. They decided to stage a car accident. They deliberately inflicted vehicle damage in an underground garage, then they told a tale of pain and suffering that started the claim money rolling in. They were all represented by the same paralegal and collected more than \$150,000. Meanwhile, their music career took a sudden upward turn when they scored a great gig.

This would prove to be their downfall. The insurance companies noticed that they were being billed for treatments the claimants were supposedly receiving in Toronto, while in fact, the rockers were jumping up and down on stage out of the province.

All in the family: This group of criminals had a simple motto: If it worked once, try it again and again. The first accident seemed straightforward enough. Two cars had collided and the insurance companies paid out almost \$50,000 in accident benefit claims to the apparent victims. A month later, the unlucky woman who was in the first accident was involved in another, along with family members of other people involved in the first accident. Then, just two months later, another accident produced more claims and, again, some familiar names appeared on the report. Also, the same car was involved in the second and third accidents, and emerged from both with the exact same physical damage. For this fraud ring, it proved to be three strikes and you're out. An investigation revealed that all three accidents had been staged.

The phantom passenger: Maybe Joe (not his real name) was jealous of the cheques his friend was receiving or maybe he simply saw an opportunity. Either way, his scheme was inspired by his friend's car accident and the prospect of a claims payout for himself as well. Joe declared that he, too, had been in the car, filed a claim and began receiving cheques. It all seemed to be going well until the driver of the other car involved in the collision pointed out to investigators that no one matching Joe's description was in the friend's car.

Humming hymns in Krakow: Shipping stolen vehicles overseas has become one of Canada's fastest growing export industries. Often, high-end vehicles are crated and loaded onto cargo ships even before their owners know they are missing. In this case, though, the owner of a brand new Hummer knew exactly where it went. He bought the Hummer, used bogus employment and financial information to arrange a loan to help cover the \$100,000-plus sticker price and took out insurance. Then he shipped the vehicle to Poland. The scam was discovered when the Polish police seized the car. It was being driven around Krakow by "a high-ranking church official." The man hasn't confessed to taking part in the scam, at least not to any earthly authority.



If you're tempted to bend the truth on your next insurance claim, think again. The insurance companies have heard it all before and they're experts at uncovering bogus claims.



See also **Tall Tales for Insurance Adjusters**, <http://www.aaron.ca/columns/2004-07-31.htm>

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