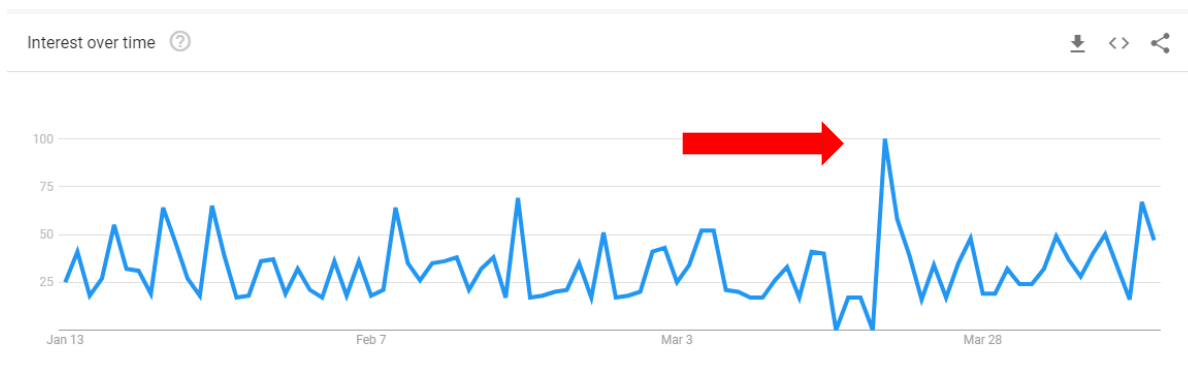


## COVID FRAUD ALERT: Spike in Searches for “How to Set a Fire” Predicts Surge in Fraudulent Claims

Search term data collected by Google indicates a spike in queries related to “insurance fraud” and “how to set a fire” in the midst of the Coronavirus Pandemic, signaling to fraud investigators, insurance companies and law enforcement a likely surge in fraudulent claims in the near future.

Google Trends, a marketing research tool used to gauge consumer search behavior in real-time, is showing a 125% increase in search queries for the phrase “how to set a fire” in the past ninety days, peaking on March 20, 2020 – the height of nationwide forced business closures and social distancing mandates.



As economic pressures increase for America’s unemployed or underemployed workforce, Special Investigations Units should take time to reacquaint their investigators and claims professionals with fraud indicators and best practices standards, and be prepared to both investigate fraudulent claims and defend denials.

When evaluating a suspicious fire claim, consider the National Insurance Crime Bureau’s fraudulent indicators and ask the following important questions:

- Is the cause of the fire incendiary, suspicious or unknown?
- Does a commercial fire scene include loss of seasonal inventory, outdated electronics, or other covered but non-critical items?
- Does a commercial fire scene reveal movement of essential items (i.e. cash registers, specialized appliances, etc.) that the business could not operate without, with fire contained to a non-essential area?
- Does a commercial fire scene reveal fire loss to a non-essential area of the business? (i.e. back office of a restaurant burned with the kitchen and dining area intact)
- Does a home fire scene reveal the absence of items of sentimental value (i.e. trophies, family pictures or heirlooms, etc.)

- Does a vehicle fire loss occur where the owner was in arrears on payments, or where the vehicle is worth less than the payments owed?
- Does a vehicle fire loss occur where a vehicle has documented mechanical issues, yet those mechanical issues are not related to the fire?
- Was firefighter access to the loss location blocked by vehicles or contents pushed up against entry doors?
- Is the claimant unusually calm after a major loss?
- Does the value of the damaged items seem improbable given the policyholder's income?
- Does the claimant have a history of prior losses or claims, including defeated claims for business interruption coverage during COVID lockdowns?
- Did the policyholder recently request an increase in triggered coverage, or does the loss occur on new business?

When a potentially fraudulent claim has been identified, refer to your company's particular policy provisions to be sure your investigation techniques have been reasonably contemplated. In most instances, the following investigative tools are available to claims professionals:

- Request authorizations for credit reports, tax returns, or other financial records which could prove motive for arson;
- Request production of documents, including inventory lists prior to the loss for post-loss comparison, bank statements, or receipts and ledgers;
- Demand your insured appear for an examination or statement under oath;
- Demand your insured produce any other essential witnesses to your investigation reasonably within their control (i.e. spouse or family member, employees, accountants, etc.)

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**Ashley R. Lynam** is a partner in the firm's Special Investigations Unit with considerable experience in defending principals and their insureds from false or fraudulent claims. A former Philadelphia prosecutor, Ashley approaches each SIU claim with the investigative prowess and courtroom tenacity of her law enforcement background. For questions, please contact her directly at **267-570-3188**.

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