



Washington State Disaster Resiliency Work Group

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About NICB:

The National Insurance Crime Bureau (NICB) is a national, 100-plus year-old not-for-profit organization dedicated to fighting insurance fraud and vehicle crime. Supported by approximately 1,300 property and casualty insurance, rental car, and vehicle finance companies, we work hand-in-hand with insurance companies, consumers, and law enforcement agencies throughout the United States providing data analytics, investigations, learning and development, government affairs, and public awareness. NICB's northwest regional office is located in Tacoma. For more information visit: NICB.org

The Catastrophe Claims Environment:

In the catastrophe (CAT) or disaster environment, everyone is under unusual stress. The claimants (policyholders) may be dealing with the loss of everything they own and possibly the loss of life. They expect their insurance company to quickly assist them with basic necessities and rapidly compensate them for property losses.

Adjusters will work under stressful conditions, possibly handling a large volume of claims in an unfamiliar geographic area. Utilities and safe drinking water may be unavailable, local public employees, including law and fire officials, may be overwhelmed, and local stores and businesses may be inoperable.

In addition to creating an extremely demanding environment, these factors can place enormous pressure on claims professionals who are striving to assist their policyholders. Additionally, heightened levels of media coverage and activity of government officials will seek to ensure that those who have experienced losses are assisted as soon as possible. In most cases, emphasis is placed on providing claim payments quickly to assist the policyholders in their time of need.

These circumstances make it easier for individuals, especially professional insurance criminals, to file fraudulent or enhanced property loss claims and take advantage of vulnerable victims. Professional

insurance fraudsters can use the unusual stress and pressure placed on the insurance carriers and adjusters to their advantage.

Catastrophe Fraud Schemes:

Catastrophe fraud schemes can be divided in two general categories. Schemes involving the insured and schemes involving contractors and/or public adjusters. The former are generally crimes of opportunity, the latter are often perpetuated by professional, organized, nomadic crime rings, often referred to as storm chasers. Storm chasers travel to the disaster area from different parts of the country and claim to be home repair contractors or roofers. They approach unsuspecting property owners and provide them with estimates which are normally much lower than a legitimate contractor would provide and frequently offer incentives – such as offering to pay the deductible -- in order to get the job. Ultimately, many “repairs” will be cosmetic at best. The roof may look repaired, but soon after the scammer leaves, the insured will discover that the repairs were improperly completed. Alternatively, the storm chasers may take deposits or full payments and disappear without performing any work. Examples of each category follow:

Examples of schemes perpetuated by the insured:

- Falsifying additional living, relocation, or moving expenses.
- Owners claiming tenants’ contents and tenants claiming property loss incurred by the owner.
- Double-dipping by filing the same claim with their insurance company and government programs.
- Misrepresenting prior damage as damage that occurred as result of the catastrophe.
- Padding losses by claiming losses on personal property the insured never owned or on personal property that was not lost or damaged.
- Making false burglary or looting claims.
- Falsely claiming the loss occurred due to a covered cause rather than an excluded cause (e.g. sewer back-up).
- Purposely placing a vehicle in a location to be damaged by the catastrophe in order to obtain a total loss payout.

Examples of schemes perpetuated by contractors and/or public adjusters:

- Physically attempting to create the appearance of hail damage on roofs, siding, and vehicles.
- As described above, nomadic, fraudulent contractors aggressively solicit business and either perform shoddy work or abscond with deposits and payments.
- Collusion among the insured, public adjusters, and/or contractors.
- Improperly providing referral fees in exchange for filing a claim.
- Falsifying smoke/ash claims from nearby fires.

Insurer Catastrophe Fraud Response Plan:

During the stressful period following a catastrophe, insurers need to prepare for extraordinary conditions and ensure their catastrophe managers, adjusters, special investigate units, and claims

personnel are well coordinated, responsive, and engaged in anti-fraud efforts. Without a Catastrophe Fraud Response Plan and strong operational collaboration, insurers face significant economic losses due to fraudulent claims after a catastrophic event.

A Catastrophe Fraud Response Plan is not a tactical plan to detect and investigate insurance fraud. It is a strategic plan integrated into the organization's overall catastrophe response plan. It provides guiding principles to ensure the availability and use of investigative resources during these events. Its effectiveness relies on internal and external collaboration. The NICB has created an insurer Catastrophe Fraud Response Plan outline that is available to all member companies.

The Role of NICB in Catastrophic Events:

The NICB works with and for its member companies and the public, but we do not adjust or settle claims. While the most common catastrophes are natural disasters, the NICB Catastrophe Response Plan includes terrorism and terrorist attacks.

When a CAT event is defined in a particular region, an NICB Special Agent may be assigned to the event. If assigned, the Special Agent, as soon as possible, will establish an in-person contact with the member companies present in the impacted area. If a consolidated member company presence is established (e.g. a CAT Village), the Special Agent will coordinate the member company interaction at that location.

The NICB interaction will reinforce the NICB mission and ensure its resources are available to the CAT claims managers assigned to the event. In addition, the NICB will distribute informational materials and define the NICB/member company communications process. The Special Agent will make an initial assessment of the resources that may be needed to carry out the NICB mission, as well as communicate any immediate fraud-related issues to the member companies.

The NICB will consider its response, allocation of resources, and duration of involvement according to the intensity of the disaster. NICB's initial basic response to a catastrophe, coordinated with member-companies and law enforcement, is:

1. Identify the type and magnitude of the disaster through contact with local Special Agents and the Operations Director. The NICB's Level of Service (detailed below) will be determined after the initial assessment of losses (property and/or lives).
2. Identify NICB resources available in the disaster area and/or adjacent locations.
3. Immediately establish liaison with the local law enforcement authorities.
4. Assuming the catastrophe is of significant magnitude and classified by the NICB as a Level of Service 3, the NICB will establish a command post, and the operations director will determine support required from NICB headquarters and other agencies and insurance companies.
5. NICB headquarters will immediately identify an individual, located at headquarters, to remain in constant contact with the command post and handle logistical issues on a daily basis. This individual will field calls from the NICB member companies to work together to resolve issues.

6. The NICB will schedule daily conference calls with the command center in the early stages of the crisis in order to ensure our response is effective. Conference calls will include command center personnel, the NICB chief executive officer, chief operating officer, chief information officer, HQ liaison person, and the general counsel.

Additionally, NICB “on-scene” personnel will:

7. Evaluate available company, industry, and other resources.
8. Develop a local working group to create an effective response.
9. Offer assistance and expertise to federal response agencies.
10. Mobilize agents from around the country to assist with the initial response.
11. Active a nationwide resource network.
12. Create a taskforce if necessary, depending on the magnitude of the catastrophe.
13. Launch a coordinated media response.
14. Engage NICB data analytics to assist in the NICB mission.

The three classifications (service levels) are outlined below:

Level of Service 1: Examples include an earthquake, mudslide, or hail storm confined to a small geographic area. Local NICB Special Agent(s) will establish liaison with the insurance company personnel and law enforcement. NICB involvement will be limited to the assistance that is within the abilities of the local Special Agents.

Level of Service 2: Examples include a tornado or earthquake confined to a limited geographic area, or an attack, such as the Oklahoma City federal building bombing. The NICB Operations Director for the impacted location will become involved at the onset, and will be responsible for requesting outside assistance to work with insurance company personnel and law enforcement. NICB personnel will remain involved (on-scene if necessary) and provide assistance as long as necessary. NICB involvement in these instances will be limited to the assistance that can be provided using the NICB’s current resources.

Level of Service 3: Examples include a national disaster such Hurricane Katrina or the 9/11 attacks. In this type of situation, the NICB would dispatch additional personnel and resources to assist in coordinating the response. NICB operations will be controlled from headquarters in Des Plaines, Illinois until a command center is established in the impacted area. In situations of this magnitude, a task force and long-term assistance may be necessary. The NICB’s involvement may include additional staffing and resources, as approved by the NICB Board of Governors.

The level of service format is the initial guideline, and subject to change. An earthquake, for example, may initially be determined to require a Level 1 response, however worsening conditions may ultimately require a Level 2 or Level 3 response.

Throughout the duration of the NICB's presence on-scene, the NICB's mission will be to conduct operations germane to the NICB's role as a representative of its member companies: examine and/or recover stolen vehicles, respond to fraudulent claims and conduct investigations of same, and liaison with local, state, and federal authorities as it pertains to the NICB mission.

The Geospatial Intelligence Center:

The NICB spearheaded the development of the Geospatial Intelligence Center (GIC). The GIC leverages aerial imagery and Geographic Information System (GIS) data and analytics to reduce fraud and expedite the claims process in the wake of disasters. After a disaster hits, the GIC leverages remote sensing technology to conduct the fastest and largest aerial data collection via aircraft. Within 24 hours of capture, the data is published to the cloud, providing insurers with the highest quality imagery available — 10 to 15 times better than satellite imagery. Member insurers can immediately view pre- and post-disaster imagery of damaged properties, allowing them to expedite claims, often without leaving their desks.

The GIC's high-resolution aerial imagery is rapidly made accessible, at no cost, to first responders, humanitarian organizations, and federal and state agencies, providing them with actionable insight into the situation on the ground. This support helps responders assist those in need and save lives during and after disaster events. The NICB relationship with law-enforcement allows the GIC's air and land teams priority access to impacted areas – GIC can arrive to any disaster event within a two hour window and imagery is accessible within 24 hours after the aircraft lands.

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