

Phony Accidents Are Costing You!

Has your auto insurance gone up? Put much of the blame on the cheats who fake collisions—and "honest" citizens who kite damages from real ones

ON A HIGHWAY near Fredericktown, Mo., a young driver whipped in front of a big semitrailer and slammed on his brakes.

The truck smashed the old car as if it were a bowling pin, flipping it into the ditch. Moments later, as a highway patrolman lifted the driver, his wife, and their nephew from the wreckage, they complained with practiced anguish of paralysis and terrible pain. This was nothing new to them; they had deliberately caused at least 23 similar accidents in nine states.

In New York City, a respected businessman drove his slightly damaged auto into a garage and ordered "the works." Drawing from a reservoir of shattered windows, smashed fenders, dented doors, and other damaged parts hidden on the garage roof, a repairman converted the car into a total wreck before a claims adjuster arrived. The owner not only "escaped" the \$100-deductible clause in his collision policy, but had enough profit left after splitting with the garage-man to cover a bill for his wife's prenatal care.

Near Wewoka, Okla., a salesman whose car windshield had been cracked for months cruised back and forth past a construction site until he was passed by a loaded gravel truck. He flagged the driver, yelled that falling gravel had broken

his windshield, indignantly demanded the name of the trucker's insurance company, and collected enough money—for the 37th time—to meet the monthly payment on his car.

In each of these cases, sharp detective work exposed the principals as operators in today's fastest-growing racket: automobile-insurance mucketing. They are just a few of the legions of citizens—many of them respected and otherwise honest—who are faking injuries, "puffing" repair claims, and rigging accidents in order to siphon the multibillion-dollar pool of insurance funds. For every chiseler exposed and convicted, authorities say hundreds of others are in business with at least temporary impunity. Their vicious schemes, in the words of one attorney, "have reached the point of a national scandal."

According to Robert Chapman, manager of the Chicago claims bureau of the Association of Casualty and Surety Companies, spurious auto claims have mounted at the rate of 10 percent every year for the last decade. Some experts charge that three out of every four auto claims now are "tainted with fraud." This unprecedented chicanery already is bilking the insurance industry of an estimated \$350-420 millions yearly—with the total expected to climb.

And if you buy car insurance, the appalling loss is landing squarely in your pocketbook.

William Davis of the National Automobile Theft Bureau, one of the agencies tracking down insurance cheats, explains: "Whenever a person defrauds an insurance company, he imposes a direct tax on the reputable buyer of insurance. The dishonest claimant who gets paid is largely responsible for boosting insurance costs."

In about half our states last year, auto insurers won state approval to hike rates. More raises are expected this year. Increases reflect poor accident rates, inflation, high jury awards, and a host of other factors in addition to fraud. Yet, according to numerous authorities we consulted, your auto insurance costs probably could be decreased by 20-50 percent if every claimant were honest!

INFLATED COSTS, however, are not the only threat to you from accident fakers. Many use ordinary citizens as pawns; you may not only help them dupe an insurance company but suffer painful injury and sustain extensive damage to your car as well.

Hundreds of innocent motorists recently discovered how they had been victimized after authorities smashed a network of Chicago-based fraud rings whose tentacles reached into Buffalo, Toledo, Indianapolis, Milwaukee, St. Paul, Des Moines, Oklahoma City, San Diego, and other communities. The rings' usual *modus operandi*

was for four or more conspirators to pull their car ahead of an unwary driver who tended to follow closely or who had been drinking, then to slam to a stop so suddenly that the victim's car crashed into them.

Feigning "invisible" neck and back injuries, they would collect insurance settlements ranging from a few hundred to several thousand dollars. Investigators estimate the rings fleeced the insurance-buying public of nearly \$1 million and inflicted untold injury and damage on victims.

Another popular gimmick is for pedestrian fakers to walk into the side of moving cars or fall behind trucks that are backing out of loading zones. On the basis of injuries self-inflicted with razor blades or cheese graters, the "victims" collect for being "knocked down."

Personal injuries are the true "bonanza" in insurance racketeering. The increasing proclivity of juries to award huge sums for personal injuries—sometimes far out of line with what the facts warrant—has made insurance companies reluctant to go to court. "They now manage to avoid litigation nine times out of 10 by reaching compromise settlements with claimants," says Thomas Reynolds, general manager of the Illinois Insurance Information Service.

Accident fakers thrive on this willingness to settle quickly, usually punctuating injury com-

plaints with threats to sue. And according to the Insurance Information Institute, they undoubtedly are greatly to blame for the fact that underwriters have gone in the red on bodily-injury liability policies every year but two since 1951.

Some persons will go to frightening extremes to collect bodily-injury claims. In Missouri, a ring once operated in which accomplices amputated arms, inflicted beatings with rubber hoses, and mutilated each other with razors. Most claimants, however, prefer to fake injuries or accidents—or even operate entirely on paper.

FOR EXAMPLE, a city councilman and aspirant for mayor, who also happened to be an insurance adjuster, set up one lucrative system in Youngstown, Ohio.

Using aliases, he wrote policies for fictitious persons, then drafted injury claims against them on the basis of fabricated accidents. Settlements were mailed to various bank accounts he maintained under the assumed names. Before long he had five secretaries to handle the bookkeeping. His biggest phantom crash was worth \$60,000 and allegedly involved four cars carrying nine passengers; lesser ones totaled some \$200,000.

Like a multitude of other claims swindlers, this man had the help of an unscrupulous doctor. Such physicians, often working closely with unethical

lawyers, are usually essential in attesting to trumped-up injuries and submitting wildly exaggerated bills to inflate settlements.

An investigation of fraud rings in the New York area, which so far has resulted in license revocations for more than a dozen doctors and disbarment of about 30 attorneys, is revealing numerous instances in which \$10 doctor visits have been magnified to \$500 fees.

The fake doctor also is invaluable to the type of chiseler who actually troubles insurance companies more than the professional faker. This is the ordinary guy—your neighbor, perhaps—who wouldn't filch from his son's piggybank but who tries to turn a legitimate accident into a key to Fort Knox.

Such attempts are almost as common as accidents themselves, insurance men say. "Otherwise-honest people seem to don a new ethical shirt when they deal with an insurance company," explains one claims investigator. "They feel an insurance corporation is open game if they can cheat without getting caught."

PERHAPS A DRIVER has his first collision in 20 years and by some quirk of logic he reasons that the insurance company owes him something for all the time he was accident-free. Or maybe he's an accident repeater, tired of shelling out the \$100 deductible. With the help of a cooperative doctor and a garage owner, he pads his medical and repair bills, and his misfortune becomes a thing of profit.

Such a man, of course, rarely classes himself with professional looters—but he should, and so should you. While individually his exaggerated claim may be a mere drop in the fraud bucket, insurance authorities say that when the pattern is multiplied by the number of times it occurs, the deceit of "honest" persons actually looms more extensive than that of outright swindlers!

Fully aware of the growing fraud bite, insurance companies are not standing by idly. Many are beefing up investigative staffs, examining all claims more closely, and urging changes in judicial procedure designed to expose exaggerated personal injuries.

The claims bureau of the Association of Casualty and Surety Companies maintains an increasingly successful snare for false-claims artists—an index which classifies and permanently catalogs every personal-injury claim reported. This index puts agents on the trail of claimants whose accidents or frequency of claims hints of fraud. The system is designed so that a faker often finds it impossible to escape detection even by using aliases and moving from city to city.

Can you help the bureau and other investigative agencies stamp out the fraud racket? Yes, authorities say.

First, you can be honest in your own claims, realizing that in the long run you'll pay for deceit through higher insurance costs. Also, you can report anyone you know who is chiseling or anyone who offers you dubious deals. And finally, if you are involved in an accident that seems rigged or in which the other parties seem overly anxious for a quick settlement, you can insist that your insurance company delay any claims payment, pending a thorough investigation.

Such insistence may keep you from becoming the next victim of these modern highway robbers.



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