

## Preventing Online Insurance Fraud

Shopping online offers convenience (and great deals!). But with the good comes the bad—in this case, the [Internet scammers](#) who continue to devise new methods to dupe honest folks and commit insurance fraud. Some are even committing crimes in ERIE’s name.

### The Issue—and Why it Matters

Gene Robertson, director of special investigations and analytics at [Erie Insurance](#), battles online insurance fraud nearly every day. During his 20-plus years with ERIE and previous experience with the U.S. government, he’s pretty much seen it all.

“From my perspective, you used to see door-to-door snake oil salesmen,” he says. “Now they’re in your inbox.”

These scammers are highly sophisticated, and they know exactly how to lower your barriers. As a result, today’s victims are often highly educated, technologically savvy adults.

“Often, the scammer and the soon-to-be victim trade emails to lend an air of legitimacy to the transaction,” Robertson says. “But the key to the scam is the wiring of money and the transaction code generated during the wiring transaction. Once you wire the money, the transaction code is the key to the kingdom.” Scammers often get victims to do this after they present counterfeit ERIE checks that, courtesy of high-quality scanners and check stock, appear surprisingly legitimate.

All of this translates into bad news for honest Policyholders. According to the National Insurance Crime Bureau (NICB), [insurance fraud](#) is the second most costly white-collar crime in America. What’s more, insurance industry studies reveal that 10 percent or more of property/casualty insurance claims are fraudulent, and that makes everyone’s premiums more expensive.

Here are three common insurance scams out there—unfortunately, there are even more being used and thought up every day.

### The Out-of-State Buyer Scam

**What happens:** A “buyer” scanning a classified ads website decides to purchase something that you’re selling. He says that he owned an item just like yours, but it was lost or stolen. Because of that, the scammer says his insurer—in this case, ERIE—will overnight a check to you in order to cover his claim.

**The catch:** The scammer says you must wire money to cover the shipping costs, but you’ll be reimbursed by “ERIE.” You agree and end up receiving an official looking (but fake) ERIE check to cover the shipping and the item. You then wire the “shipping” money straight into the scammer’s pocket. Later, when you try to deposit the “ERIE” check, you discover it’s fraudulent.

## The Email Harvesting Scam

**What happens:** Professional fraudsters harvest your email address through a spam mailing. They'll then review a list of all the people you email and target the ones you sometimes contact. Figuring you care about them but don't know their whereabouts in the same way you know those of family members and close friends, they'll pretend to be stranded overseas and in need of money.

**The catch:** You need to wire money—and the sooner, the better.

## The Counterfeit Check Scam

What happens: Scammers use emails to foster the illusion of trust while communicating with a seller listing a car online.

The catch: The buyer insists on presenting a check at the first in-person meeting instead of cashing it at a legitimate financial institution.

The result of all these scams: The victim loses the money he or she sent and the value of the item. However, certain types of these losses may be covered under ERIE's Identity Recovery Coverage. See your ERIE Insurance Agent for details.

## Don't be Another Statistic

Avoid falling into any of these traps by keeping these tips in mind:

- Be aware. Don't be afraid to second-guess someone's intentions, especially if you didn't initiate the transaction. "My rule is that if you don't request it, reject it," Frank Scafidi, director of public affairs for the NICB, says.
- Ask to call a potential buyer or seller—remember, most scammers fear being identified.
- When you receive a check, ensure the money is cleared before you ship anything out. "Wait 10 days," advises Robertson. "If the scammer has to wait that long, they'll often run like there's no tomorrow."
- Be especially wary of a non-U.S. resident who has a stateside contact who will send a requested item.
- Never wire money for shipping or other fees after the "buyer" has paid you. And, if you're receiving a check, ask that it's from a financial institution that has a local branch for follow-up.
- When selling an item online, refrain from sharing your phone number. Crooks use reverse phone lookups to find out more personal information about you.
- Stay away from anyone willing to greatly overpay for an item. They'll sometimes ask you to return the overpayment—your check will clear while the one they gave you will bounce.

If you suspect a case of insurance fraud, don't hesitate to call ERIE's toll-free Fraud Hotline at (800) 368-6696 or send an email to [fraud.finders@erieinsurance.com](mailto:fraud.finders@erieinsurance.com). All calls and emails are confidential.

You can also call the NICB toll-free hotline at (800) 835-6422 or your state's bureau of consumer protection. Finally, you can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov)—if they find that something's up, they'll generate a case against the senders.

### **Protect Your Good Name with ERIE's Identity Recovery Coverage**

Did you know that victims of identity fraud spend an average of 60 hours and hundreds, or even thousands, of dollars to undo the damage?

Luckily, Identity Recovery Coverage from ERIE can spare you the time, expense and aggravation this sort of situation entails. Available for a low annual fee, Identity Recovery Coverage not only provides a trained case manager to assist you with the entire recovery process—it also reimburses you up to \$5,000 in lost wages, certain legal fees and more.