

June 6, 2007

**HURRICANES RAISE RISK OF FRAUD
VIRGINIA STATE POLICE ENCOURAGE CITIZENS TO PROTECT THEMSELVES
AGAINST INSURANCE FRAUD**

RICHMOND – The 2007 hurricane season is underway, and predictions are that the number of Atlantic coast storms will be above average. Not only do Virginia citizens need to prepare themselves for the high winds and waters that accompany the storms, but they also need to take steps to guard against the fraudsters, cheaters and crooks who often show up in the storm's aftermath, ready to take advantage of any disaster.

According to the National Oceanic and Atmospheric Administration (NOAA), the Atlantic coast has a 75 percent chance of an above-normal hurricane season this year. The NOAA Climate Prediction Center estimates there will be 13–17 named storms with 7-10 of those storms becoming hurricanes. Of those hurricanes, NOAA predicts 3-5 will become major storms of Category 3 strength or higher.

"This active hurricane season increases the chances of unscrupulous contractors taking advantage of vulnerable citizens who have sustained damage to their property as a result of the disaster," said Lieutenant W. Roger Rector, Insurance Fraud Program (IFP) coordinator.

"We encourage Virginians to plan ahead and be prepared for potential disasters," Rector commented. "Don't let a disaster victimize you twice."

Insurance fraud costs Virginians more than \$200 a year in increased premiums and increases the costs of everyday purchases by \$200 to \$1,000 a year. On a national level the effects of insurance fraud are estimated to cost more than \$80 billion a year. Citizens can protect themselves from becoming victims of insurance fraud scams or committing insurance fraud themselves by taking a few simple precautions.

- Hurricane preparedness information for Virginia is available at www.vdem.state.va.us.
- Always use a licensed contractor. All contractors in Virginia must be licensed, bonded and carry insurance coverage for work over \$1,000. This includes out-of-state contractors who are working in Virginia. To find out if a contractor is licensed or to report an unlicensed contractor, contact the Virginia Department of Professional and Occupational Regulation. Click on www.dpvr.virginia.gov or call (804) 367-8504.
- If possible, get more than one estimate and make sure the estimates are in writing.
- Get references and check them out.
- Avoid contractors who use high-pressure tactics, have overly-friendly sales pitches or make offers that seem too good to be true.
- Ask to see the contractor's driver's license. Write down his driver's license number as well as his vehicle's license number.

- Work with your insurance company to make sure all of the work being done to your property is approved and will be covered by your insurance. Be wary of unscrupulous contractors who promise to take care of your deductible and handle all of your insurance paperwork.
- Never pay a contractor in full before the work is completed; don't pay in cash; and never sign a blank contract. Make sure you understand all of the contract terms.
- Educate yourself. Become familiar with your homeowner, renter or vehicle insurance policies to understand what is covered and the amount of your deductible.
- Make an inventory of your household items and keep it in a secure location, preferably off-site. If possible, keep your receipts or proofs-of-purchase for big ticket items, such as jewelry, televisions or cameras in that same location. Free home inventory software can be downloaded from the Insurance Information Institute at www.iii.org.
- Claim only those damages that are a result of the incident. Don't include previous damage from an unrelated incident as part of your claim.
- Don't inflate the value of your claim to cover your deductible or past premiums.
- Don't fall victim to the mindset of "everyone's doing it" and submit a false or inflated claim thinking you'll make a little extra money as well.

If you have knowledge of a fraudulent insurance scheme or suspect you may have been the victim of insurance fraud, report the activity to Virginia State Police Insurance Fraud Program on the insurance fraud hotline at 1-877-62FRAUD (1-877-623-7283) or visit www.stampoutfraud.com. You may remain anonymous. If your information leads to an arrest, you may also be eligible to receive a reward of up to \$25,000 – just mention the reward when reporting suspected insurance fraud.