

Beware of Scams

by Sue C. Quimby, CPCU, AU, CIC, CPIW, DAE

FRAUD AND SCAMS are on the rise, and everyone is a potential target. Criminals are becoming more and more creative in their attempts to part people from their money and property. While many insurers offer the option for identity protection coverage in their policies, voluntarily parting with property is excluded under most insurance policies. Helping clients understand their exposures to fraud loss and how to avoid becoming victims of scams is another value-added service of a professional insurance agent.

Senior citizens are especially vulnerable to scams – amounting to \$36.48 billion per year. Of this about \$16.99 billion is from exploitation scams, where the victim is conned into such things as hidden shipping charges or magazine subscriptions, quack dietary or weight loss products, or faulty investments. Con artist scams, such as fake lottery or sweepstake winnings, and sweetheart scams (pretending to be in love to get money), cost victims \$9.85 billion per year. (www.truelinkfinancial.com)

Some reasons seniors are targeted include the fact that they are seen as having retirement savings, are used to shopping over the phone, or, as people age, they may become more forgetful. Scammers call them pretending to be someone they have done business with previously, or claiming they are owed money, and threatening legal action. A particularly nasty scam is someone calling and posing as a grandchild, and asking for money to help them out of a jam. Money is to be wired. And, oh, please don't tell my parents, grandma/grandpa. Investment scams are also common – who can forget Bernie Madoff and his \$50 billion fraud?

Every U.S. citizen over the age of 65 is eligible for Medicare, and fraud in that system is rampant. For example, the scammer provides “free” or discounted equipment or services and then insurers are billed for unnecessary services or equipment. Another

concern is that an individual's Medicare number is only a slight variation from their social security number. Since the Medicare card is carried and accessed by various medical personnel, the opportunity for identity theft is increased.

Windshield or auto repair is another type of scam. Some scammers go door to door, pointing out cracks or damage in windshields/vehicles and offering to replace the windshield for “free”, or repair the damage at a discount. Fraudulent repairs and windshield replacement are not “free” – they increase insurance costs for everyone. In addition, the replacement may be substandard, putting auto operators and their passengers at risk.

In any case, once the scammer has insurance information, they may continue to bill the insurance company for medical equipment or services or duplicate windshield replacements.

Telephone fraud comes in various forms, including spoofing, sweepstakes winnings, free vacations or great investment opportunities. Spoofing is when a scammer hijacks someone's phone number and it shows up on the caller ID of the intended victim, leading them to believe they are talking to someone they know, or a trusted source, such as a financial institution. Email addresses can also be spoofed.

Offers of “free” vacations or discounted services abound. Often, the caller insists that this is a limited time offer, and a decision must be made right away. Never provide personal information to anyone who calls you. This includes social security, bank account or credit card numbers, or any passwords or PINS.

The federal “Do Not Call” list blocks most but not all unsolicited calls. Scammers



will often ignore the law and contact numbers on the list. Such callers should be reported to www.donotcall.gov. There are also services available that can block calls from robots (robocallers) or known scammers.

If you decide to make a charitable donation, or a purchase, ask the caller to send you something in writing. Ask how the charity uses the money they receive. A good resource is Charity Navigators, (www.charitynavigators.org) who offers ratings on over 8000 charities. A recent AARP survey revealed that about 70% of donors never asked what percentage of their donation went to the charity versus the fundraiser. (www.aarp.org)

Anyone who suspects they are a victim of fraud or attempted fraud, should report the incident to the Federal Trade Commission. (FTC) (www.ftccomplaintassistant.gov) One of the stated goals of the FTC is “Protect Consumers: Prevent fraud, deception, and unfair business practices in the marketplace.” (www.ftc.gov) Another resource for fraud prevention is the Financial Fraud Enforcement Taskforce (www.stop-fraud.gov/protect-yourself.html).

Remember, if the offer is too good to be true it usually is. Helping clients understand the potential risks of scams, and how to reduce their exposure, is another sign of the true insurance professional.

Previously published in the Insurance Advocate®

