

CDI RELEASES DATA ON TRENDS IN HO AND AUTO INSURANCE FRAUD

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Last week, the CDI posted some data concerning trends in homeowners and auto insurance fraud in response to inquiries regarding the same and its potential link to a slowing economy. (The CDI's post is [here](#).)

Though the CDI notes that it does not discern a "significant change in trends regarding automobile and homeowners insurance fraud," it is worth noting that the 2008 year is not yet over and there appears to be an uptick in the number of suspicious residential fires reported by insurers from last year.

The CDI also sets forth the number of arrests that the CDI has made for vehicle arsons and homeowners insurance fraud from 2005, which remained level throughout those years and, as for HO fraud in 2008, seemed to drop. It is questionable, however, how much reliance can be placed upon these "arrest" numbers as reflective of the number of fraudulent claims that may be made upon the industry. The number of arrests that the CDI may be able to make could, in part, be limited by what resources the CDI may have in conducting its investigation. These numbers also presume that efforts to make such arrests remained on level throughout that period of time.

The data does not appear to address issues concern suspicious non-arson vehicle claims. Also, not addressed by the post is whether claim frequency in general goes up in a slow economy. It would seem logical that in a slow economy, individuals are more apt to make claims, fraudulent or not, as there may be less desire or means to pay for a loss out of pocket. [If anyone is aware of a study/analysis linking claims frequency with a slowing economy, please let me know, as I would love to see it.]