

## **PREFACE**

**GlobalSource LLC** offers this guidebook in an effort to educate insurance claims examiners, underwriters and investigators to the growing problem of life insurance fraud perpetrated by foreign nationals. The victims of this criminal activity are not just life insurance and reinsurance companies – who certainly are victims – but all honest life insurance policyholders, who must ultimately bear the burden of paying higher premiums as a result of this criminal activity.

This guidebook is intended to serve as simply that – a set of guidelines to encourage those involved in processing foreign life insurance claims to look more closely at these claims for evidence of fraud. Experienced insurance investigators conservatively estimate that at least 25 percent of foreign death claims submitted to US life insurance companies, based on policies issued to non-US nationals while temporarily residing in the US, who subsequently “died” overseas, are fraudulent. Other experts believe the figure is as high as 50 percent.

## Foreign Countries From Which Most Bogus Death Claims are Received

Algeria	Ghana	Nigeria
Argentina	Guyana	Pakistan
Cameroon	Haiti	Philippines
Chad	India	Russia
China	Liberia	Sierra Leone
Colombia	Mexico	Somalia

## Typical Categories of Fraudulent Claims

- Insured never existed.
- Insured exists, but body is substituted as part of fraud scheme, or no body is found, and the insured is still alive.
- Insured did die, but misrepresented information on his application for the policy regarding his true age or state of health, or beneficiary misrepresented information regarding true case of death.
- Insured died, but was murdered by beneficiary or another who stood to gain from the policy.
- Insured committed suicide, designed to appear as an accidental death or random homicide.

## Types of Alleged Deaths

- Vehicular, (usually hit-and-run)
- Infectious Blood Disease
- Drowning
- Heart Attack
- Gun Shot Wounds
- Burnt Beyond Recognition

## Sources to Check to Determine if Insured Ever Existed

Usually, the insured resided in the US, sometimes in Canada. Check for utility bills – gas, electric, water and phone – in the insured's name.

Generally, these people are renters. Check for rental receipts from the landlord.

✓ Obtain records of employment, if any can be found. Many times the so-called employer will be a friend who claims not to have any records.

✓ Check with local postal authorities to determine if they ever delivered mail to that person at that address.

✓ Determine if anybody, other than the beneficiary, ever saw the insured.

✓ Canvass the immediate neighborhood to determine if anyone remembers ever seeing the insured.

## Documents to Demand from the Beneficiary

Since the insurance is usually purchased in the US and the alleged death occurs during a trip to a foreign country (often the insured's country of origin), the following is a list of documents that should be requested of the beneficiary:

- The airline ticket – especially insist on receiving the unused portion.
- If a naturalized US citizen, a copy of the US passport which should have been cancelled by our embassy in the country of the alleged death.
- If the insured was a citizen of another country, a copy of that passport.
- A copy of the travel agent's flight/travel itinerary. Determine how the trip/flight was paid for – by cash, check or credit card.
- If a naturalized citizen, the document entitled 'Report of the Death of an American Citizen Abroad' put out by the local US embassy. This document is of

limited value, as it is not by itself proof of death, but should be procured anyway.

- The death certificate, police reports, eye witness reports and any other significant information from the actual relevant agencies in the country where the alleged death occurred. Do not accept these documents at face value if provided by the claimant.

### **Handling Telephone Inquiries from the Beneficiary**

Be extremely cautious when speaking to a beneficiary on the telephone. Do not venture an opinion on the claim and do not be goaded into a hostile reply. There have been many occasions in the past when a beneficiary has “set up” a claims examiner. One such ploy is that the beneficiary will verbally abuse an examiner on the telephone, and subsequently protest that they swore at the examiner. They will then ask the claims examiner to repeat the so-called abusive word or phrase, and when the claims person does so, unknown to them, they are being recorded. The beneficiary then will edit the tape so that the only person swearing on the tape is the claims examiner. This edited tape will then be forwarded to the President or other senior executive of the insurance company with allegations of “bad faith” or threats of “punitive damages.”

Remember, silence is Golden. In a normal conversation with a beneficiary, as you would on any other claim, attempt to extract the maximum amount of information that you can from that individual. Try not to allow them to answer questions with phrases such as “I forgot” or “I don’t remember.”

### **Verification of Insured’s Status and Documents**

Check on the given Social Security number, date of birth and immigration or ‘Green Card’ status at the time of the claim. See if the insured had a

driver’s license and if it is legitimate. In states requiring a photo on the driver’s license, try to obtain a copy.

### **Document Sources**

The beneficiary in a fraudulent claim will usually supply the insurance company with a death certificate and police report, and many times, with copies of an obituary or newspaper article referring to the death. Often, they also provide photographs of the “deceased,” and more recently, we have seen videotapes of the funeral. Do not rely on any of these. Always obtain the documents directly through your investigator.

A general rule of thumb is that in any country colonized by the British Empire, two people can go to the registrar and say they saw a third person “dead,” and no additional information is required in order for the registrar to issue a death certificate. Therefore, while such a death certificate may be “official,” in that it was issued by a duly authorized government agency, that does not make it legitimate, since it is based on bogus information.

Such items as police reports and medical records are easily purchased on the open market in many countries.

### **Correct Utilization of Overseas Investigators**

Investigators or attorneys listed with a US or foreign embassy should be avoided. These individuals have merely requested that they be listed with the embassy and it is not indicative of their ability. Utilize investigators recommended by other insurance companies, or with whom you have had dealings in the past, or who have physical assets on the ground in different countries.

Do not hold any information back from your investigators. In no event should you send them a file “piecemeal,” as they will be working under a handicap.

Coordinate any investigation being done overseas with any investigation being done in the US.

### **Follow the Children**

If the alleged deceased has any children, either in this country or in another, and they are in school, periodically check to see if there has been a request to transfer their school records to another school district or country. Remember always follow the children.

### **Case Studies**

We offer the following summaries of life claim fraud investigations that we have conducted to illustrate some of the typical scenarios one sees in fraudulent death claims:

✓ An insurance company received a death claim that they believed may be fraudulent. Specifically, they believed the deceased may have lied about his age on his application, making himself appear decades younger than he actually was. The deceased had been born in Southwest Asia, in a remote Pakistani province near the border with Afghanistan. As in much of the world, vital records, such as birth certificates, were not centralized, but maintained in individual district government offices. Moreover, also like many countries, particularly in the developing world, vital records are not considered public record information.

Our client was able to provide us with a copy of the insured's passport, to determine whether the birth date listed on the passport (used to prove the subject's age when issued the policy) was accurate.

Through our investigation in Pakistan, we were able to locate the subject's true birth certificate in the remote Pakistani province, which indeed indicated that the insured was in fact approximately 30 years older than he

claimed on his application. Based on this evidence, our client was able to reject the claim.

✓ An insurance company client received a claim on a sizeable life insurance policy covering an individual who was born in the Middle East, lived extensively in Europe, and died in a war-ravaged and highly corrupt West African country. The insured, a young man from a family prominent in political and business circles, was alleged, according to the paramedic's report and that of the attending physician's statement submitted by the insured's family, to have died of "heart failure."

After conducting dozens of interviews in Europe and Africa, with everyone from the young man's high school principal, to the cleaning lady of his apartment in Europe, to police sources, we developed a detailed profile on the young man's life and activities. We ascertained that he had been expelled from high school for drug abuse, and had drug problems for years, well-known to both friends and the police.

We were able to re-construct the events on the night of his death. The young man had held a party for a few friends at his parent's house on a night the parents were out. He fell unconscious during the party, and was found by his father on a couch when the father returned home. A medic that came to the home could easily ascertain that the young man had died of a drug overdose, but the father convinced the medic to list the cause of death as "heart failure." Similarly, the father incentivized an examining physician at the local hospital to indicate that the cause of death was "heart failure." With our findings, the insurance company was able to substantially reduce its payout to the family in settlement negotiations.

✓ An insurance company client engaged us to look into the purported death of a Russian national who had lived in the US for several years, returned to Russia, reportedly for a

short visit, and was allegedly killed in a hit-and-run collision in St. Petersburg.

The policy named a Russian woman in St. Petersburg, whom the insured identified in his application as his wife, as the beneficiary of the policy; however, the attorney for the insured's estate indicated that the insured's wife was a woman by another name, living in the US.

Our investigation in Russia revealed that the insured had owned a café at one time that was financed by a known Russian organized crime figure, and was rumored to be laundering illicit money. Our inquiries with the officials that issued the insured's death certificate revealed that the death certificate had been released without the insured's passport being turned in to Russian authorities, contrary to Russian laws and standard procedure.

We subsequently interviewed the woman in the US identified by the estate's lawyer as the insured's "wife." She knew surprisingly little about the insured's background, indicating that he had served in the Russian navy, when he had actually served in the Russian army, according to our checks of Russian military records. She did not know the name of any of his co-workers, although the insured had worked for the company for years, and had been picked up and dropped off by co-workers at home every day. She was unaware that he had sizeable life insurance policies, and was neither surprised nor disappointed to learn that he had named another woman, whom he had identified as his wife, as the beneficiary. She provided a photograph of the insured she indicated was taken at the insured's mother's birthday party, several months after she told us his mother had died.

Our investigation in Ukraine, the insured's country of origin, revealed that the insured applied for a new internal Ukrainian passport just two days before his purported death, and that he picked up the new passport

approximately two months after his alleged death. The insurance company now had documentary evidence that the insured had not died as indicated on the claim forms. The policy was rescinded by the insurance company based on these findings.

✓ A client insurance company was presented with a death certificate from a spouse of an insured. The death certificate was from the Republic of the Philippines on a female Philippine national. The insured was married to a Saudi Arabian national, who was the beneficiary on the policy.

Because fraud is rife throughout the Philippines, the matter was referred to us for review. Our investigation revealed that the death certificate was completely specious. Comparison with national indices showed no such death had occurred; the examining physician identified on the death certificate was non-existent; and a check at the location of death showed no such person was known there.

Further investigation of immigration records revealed that a person with a name identical to that of the insured, with a slightly altered date of birth, exited the Philippines approximately three weeks after the "death" of the insured. This person was en route to Saudi Arabia via Dubai.

Sufficient evidence existed to allow our client to deny the claim.

## The Perfect 10 for Foreign Claims

Each of the circumstances listed below are assigned a point value up to 10. A combination of any numbers totalling 10 or more could indicate potential fraud. Any single instance of a 5 should be examined and all 10's should be thoroughly investigated. These are only guidelines, and are intended solely to aid the examiner in trying to determine whether a claim is legitimate or fraudulent.

	<u>Point Value</u>		
Heavy concentration of accidental death insurance and insured supposedly dies in an accident	10	Insured worked for an import export company, a car service or a small electronics company, which does not have payroll records	7
No one other than the beneficiary has ever seen the insured	10	The body is disposed of contrary to religious or national customs	6
Police where death occurred deny issuing report	10	Notification of claim is within days of insured's alleged death	6
Arrangements for burial made before alleged death	10	Third parties other than attorneys are trying to facilitate claim	6
Everything supplied by beneficiary before you ask (e.g. death certificate, police report, obituaries)	9	Insured's employer does not have W2's or 1099's to show that he/she worked there	6
Photographs or videotape of viewing/funeral supplied voluntarily	8	Policy is past the contestable period, but death occurred in a Third World country	5
Agent never saw insured	8	Social Security number incorrect	5
Insured's address is a P.O. Box	8	Height, weight difference on the application versus death certificate	5
Recent purchase of life insurance in the US or Canada	8	Beneficiary is not a family member	5
Passport or airline ticket are not available to the insurance company	8	Telephone pressure to pay claim from beneficiary or surrogates	4
Insured dies in Third World country by accident or illness	7	Insured lived with people of the same ethnic background and there are no rent receipts	4
		The local post office and the mail carrier never heard of the insured	4
		No utility bills in insured's name (gas, water, electric, phone)	4
		No lease agreement or rent receipts in the insured's name	3
		These fraud indicators are exactly that: INDICATORS. They should be used as guides	

to help the adjuster to determine the authenticity of a claim. They are not necessarily determinative of fraud, and the prudent examiner can add to them as he or she sees fit. Remember, a 10 does not mean a case is fraudulent, but merely indicates that it warrants close scrutiny and investigation.

#### *ABOUT GLOBALSOURCE*

**GlobalSource LLC** is a leading international business intelligence firm providing investigations, research, and information services. With a worldwide network of highly skilled, experienced, and dedicated professionals, GlobalSource offers services including investigations, competitive intelligence, risk reporting, and information security. Through the use of GlobalSource confidential services clients are able to make timely and informed decisions critical to the success and safety of their own organizations. GlobalSource has offices in the Washington DC metro area and Nicosia, Cyprus, as well as affiliated offices in Dubai, United Arab Emirates and Karachi, Pakistan.

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