



## Best's Insurance Law Podcast

### Investigating Automobile Theft Claims - Episode #212

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**Hosted by:** John Czuba, Managing Editor

**Guest Expert:** Jim Barbieri of [Claims Advantage, Inc.](#)

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**John Czuba:** Welcome to the Best's Insurance Law Podcast, the broadcast about timely and important legal issues affecting the insurance industry. I'm John Czuba, managing editor of *Best's Insurance Professional Resources*.

We're pleased to have with us today Jim Barbieri from independent adjusting and investigation company, Claims Advantage, in Georgia. Jim is the president and CEO of Claims Advantage. He's a former police officer and has a BS degree in criminal justice.

Mr. Barbieri is also a certified fraud investigator and licensed claims adjuster and has been conducting SIU investigations for over 30 years. Jim, we're very pleased to have you with us again today.

**James Barbieri:** Thanks for having me, John.

**John:** Today's discussion is automobile theft claims. Jim, for our first question, what are the trends today regarding automobile thefts?

**James:** John, according to the National Insurance Crime Bureau, there have been over one million vehicles stolen in 2022. Now this is a seven percent increase over 2021 and surpassing one million for the first time since 2008.

Especially with the bad economy, we have been seeing an increase in automobile thefts. The nationwide rate of motor vehicle thefts in the United States was 282.7 reported cases per 100,000 population in 2022.

According to statistics, the top three states with the greatest number of motor vehicle thefts in 2021 to 2022 were California, Texas, and Washington. The cities with the greatest number of automobile thefts in 2022 were, believe it or not, Pueblo, Colorado, Bakersfield, California, and Denver, Aurora, and Lakewood, Colorado.

**John:** Jim, what types of vehicles are commonly stolen?

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**James:** The most common type of vehicle stolen are full size pickup trucks. The Hyundai Sonata and Hyundai Elantra are the new top 10 on the list for 2022.

As you may recall, some Hyundai and Kia vehicles, that had a regular key ignition, were being stolen an alarming rate as individuals on social media such as TikTok exposed a security flaw where a thief could start one of these vehicles with a screwdriver and a USB cable.

Another cause for an increase in the Hyundai and Kia vehicle thefts was the lack of electronic immobilizers. A standard key fob usually communicates with the transponder in an ignition, and that's how the vehicle normally starts with, especially with these push-to-start ignitions.

In the last few years, Hyundai and Kia did come up with software to prevent these thefts, but the problem currently persists to this day. The automakers settled a class action lawsuit for \$145 million after claims that the company failed to install immobilizers on some models allowing their cars to be stolen.

**John:** Jim, what are some of the reasons why people engage in automobile theft fraud?

**James:** John, the most common reason why some people stage automobile thefts is for financial reasons. People who are upside down on their leases may set up a vehicle to be stolen. In other words, at the end of a vehicle lease, a customer who exceeds the mileage limit on the vehicle lease will be typically charged an excess mileage fee for each mile over the limit.

These fees vary depending on the terms of your lease agreement, and the year, make, or model of the vehicle. Lower priced vehicles are usually charged at 15 cents a mile, mid-price cars are typically 20 cents a mile, and higher price vehicles can be charged as much as 25 cents or higher per mile.

Another reason people engage in automobile theft fraud is owner give ups. I've had numerous automobile theft cases where the insured would give the vehicle away for drugs, and then report the vehicle stolen after the individual gets into an accident or he does not return the vehicle.

Another common give up scenario is when the economy is so bad that the insurer can no longer afford the automobile loans, so they get rid of the vehicle and then report it stolen.

Another common reason for staging an automobile theft is that the vehicle in question may need extensive repairs, such as a blown engine, or in some cases, the owner may be hiding the vehicle for at least 30 days, which is long enough for the insurance company to settle the claim.

I have seen several instances where the insured, as I mentioned, blew an engine on the vehicle, and they disposed of the vehicle by leaving it somewhere in a remote area, burning it, or driving the vehicle into a pond or a lake to make sure that it's recovered and deemed a total loss. There's many reasons people engage in automobile thefts.

Another reason is to cover up a crime. The insured may have been involved in a hit and run accident with injuries, and to cover themselves from potential criminal charges, they may report the vehicle stolen immediately following the accident.

**John:** Jim, how do you handle automobile theft investigations?



**James:** The first thing I do, John, when I receive an automobile theft claim, I usually contact the law enforcement agency in the jurisdiction where the vehicle was stolen, and usually, talk to a detective because they can run a license plate reader search on a camera system. It's a license plate reader called the Flock. That's F-L-O-C-K.

A company called Flock Safety designed these roadside solar powered license plate reader cameras that are all connected to a nationwide network.

If a Flock camera gets a hit on a stolen vehicle, the system sends an instant alert to all law enforcement officers in a county, town, or city where the camera is located. Some law enforcement agencies will receive a Flock notification on their cell phones or in the laptops in their vehicles.

In a previous podcast that I had on AM Best, I mentioned a case involving a stolen motorcycle in the Atlanta area, where the insured reported his motorcycle stolen from an industrial area where he was working out at the gym.

The insured was the only person that had access to the gym at that time. He did some IT work there. He claims he got to the gym at 4:30 PM, and he went outside to take a break at 5:30 PM and claimed in a statement that the motorcycle was still in the parking lot. Subsequently, he reported the motorcycle stolen at 6:30 PM.

The very first thing I did is I had the police detective in that county run a Flock search on the license plate.

Not only did the system provide an image of the motorcycle driving past a supermarket 26 miles away on the date of loss when the insured reported the bike was present in the parking lot, it also showed a basic description of the motorcycle driver, and he was wearing a distinctive sports jersey.

In almost all cases, the Flock camera system will only identify the vehicle and not the driver. In this case, we had a physical description of the perpetrator. I then ran a TLO and found that the insured had a new model pickup truck that he drove daily.

The detective entered that license plate into the Flock system, and what do you know, it showed that the pickup truck that is owned by the insured went past the same Flock camera about three minutes after the motorcycle had passed. In other words, the insured's pickup truck was following the alleged stolen motorcycle at the time the insured alleges that the motorcycle was present in the gym parking lot.

Armed with this information, we decided to conduct a friendly interview with the insured just to lock him into a story. In his statement, he was adamant that he is the only driver of his Ford F150 pickup truck, and nobody else has a key to the vehicle.

Unfortunately, the police detective left the department, and the case fell through the cracks. Therefore, the insurance company requested that I get a claim withdrawal from the insured.

Not only did I lock the insured into a story, in the initial statement, I again met with the insured and obtained the supplemental recorded statement. The insured was confronted with the LPR images that showed his motorcycle being driven by an individual with the red jersey with a number 33 on it.



When he was showed the license plate reader search images of the bike being driven 26 miles from where it was supposed to be, the insured, of course, allege that the pictures were of the thief driving the motorcycle.

I told him, "I thought you might say that, but the problem is that your pickup truck drove past the same license plate reader camera about three minutes after the alleged stolen motorcycle." As expected, he claimed that he was not driving the pickup truck or the motorcycle.

At that point, I reminded the insured that he said in the initial recorded statement that he is the only household member with a key to the pickup truck and nobody else drives the vehicle besides himself. Finally, the insured realized that we caught him in a material lie, and then he immediately withdrew the automobile theft claim.

In another case, in the most recent case, I used Flock images that were given to me by law enforcement of a couple that staged an accident in Alabama. To make a long story short, the Flock images showed that at the time of the alleged accident, the vehicle never left Georgia. It was never in Alabama. They confessed. That case is currently pending.

Another tool in our toolbox is the use of CARFAX reports. We use CARFAX reports to obtain the maintenance history on the alleged stolen vehicle. I have had automobile theft cases where the vehicle was never maintained, or at least there were no maintenance records available. Yet, the insured alleges that the vehicle was regularly maintained.

It's important to cover the vehicle's maintenance history in the statements. Sometimes the insured, of course, he'll say that he changed the oil himself and he paid cash for the oil and filters.

A CARFAX report also shows any prior physical damage to a vehicle, which may be a motivation to have the vehicle stolen, especially if he didn't have the proper coverage or if it was an at fault accident.

As I mentioned in a previous podcast, another tool we use is TLO. A TLO comprehensive report will provide any liens, judgments, and bankruptcies which would suggest a financial motive to a staged automobile theft. The TLO report will also provide the insured's criminal history which would give the investigator insight into the propensity of the insured to commit the crime of insurance fraud.

In many cases, we find that insureds, with an extensive criminal history for theft and fraud, may have the propensity to commit insurance fraud versus an insured who has never committed a crime, who's had a long history with having a policy with the carrier, and doesn't have any liens, judgments, or bankruptcies.

TLO also provides license plate reader searches, such as, what they call a vehicle sightings report. We had one claim where the insured was carjacked at gunpoint and a shot was fired. The adjuster ran a vehicle sighting search in TLO and found the vehicle sitting in a driveway in Macon, Georgia following the theft, just a matter of days following the theft.

Unfortunately, the adjuster called the police department, and for some reason, they wouldn't go to the address to see if the vehicle was there. They gave me the case, and when I finally got to the address, the vehicle was gone.

**John:** Jim, what else are you seeing in terms of automobile theft scams?

**James:** John, I recently had a claim for a food trailer theft in Georgia. The insured said in his statement that the food trailer was white in color. Then I found the individual who sold him the trailer, and that individual told me that he believes that the trailer was silver in color.

As a result of my extensive investigation into this alleged theft, I proved that the trailer did not exist, or what we call in the SIU industry, the vehicle is a paper trail, meaning that it only exists on paper. As a matter of procedure before I take a statement, I usually ask the insured if he completed and signed a notarized theft affidavit, and the insured said, "No."

I normally wear a body camera, especially in Georgia, as it's a one-party consent state. Before I took the insured's statement, I told him that we need to go to the local UPS store which is right down the street and have him complete that theft affidavit and then have the document notarized. We went to the UPS store, and the insured sat down on a desk, and he was filling out the theft affidavit.

I'm standing near him and I'm videotaping with my body cam. He asked me while he was completing the form, what does this question mean about prior claims? Now keep in mind, I had an ISO report that showed that this insured had three prior food trailer theft claims in the last few years.

I specifically asked the insured on camera if he's ever had a previous food trailer theft claim, and his response was, "No, Mr. Barbieri. This is my first food trailer theft claim." At that time, I advised him to check the appropriate box. Of course, he checked the box that he had no prior claims.

Not only did I prove that the food trailer never existed, but I also got the insured lying on a theft affidavit that was notarized. Subsequently, the insured was arrested and indicted for insurance fraud. The last thing I heard about that case is the insured has an act of bench warrant because he failed to appear in court.

**John:** Jim, what are some of the trends that the insurance fraud industry is seeing in terms of the different types of technology thieves are using to steal vehicles?

**James:** Over the last few years, I've had several automobile theft claims where vehicles were in clear view of a surveillance camera, but for some reason, the cameras did not record the theft. What I later learned was that these automobile theft suspects have been using a Wi-Fi scrambler that you can easily buy on Amazon or on the Internet for between \$1,000 and \$1,200.

I had one case where the insured parked his classic vehicle directly in front of a ring surveillance camera. Then when we went to go look at the footage, pretty much it didn't record the theft. It just glitched.

Interestingly, directly across the street from where the vehicle was parked in the driveway, the neighbor had a ring doorbell. The neighbor searched the ring footage, and that footage also glitched and didn't record the theft.

What we found was that thieves were using a Wi-Fi scrambler which is used to disrupt the Wi-Fi signal that most of the surveillance cameras use today. Some of these scramblers can even take out the Wi-Fi on an entire street. We've seen that happen.

Another trend that we're seeing in terms of technology used to steal vehicles is the misuse of a programming tool that resembles a large cell phone, a Bluetooth adapter that plugs into the vehicle's computer port, and a universal remote that works with multiple vehicles. As with the Wi-Fi scramble, these devices can be purchased legally online.

One of the devices, which I really don't want to say the name of the device not to give anybody ideas, can be used to program a blank key fob to stop vehicles. Additionally, the device could possibly be misused to start a vehicle without programming a blank key fob.

According to NICB, these gain access to the interior of a vehicle, attach the Bluetooth adapter device to the OBD port, and then run the program on the cell phone, like device to start the car and drive away. This device is commonly used to steel vehicles equipped with push to start ignitions.

When they first came up with those push to start ignitions, I thought, "Well, I've had numerous cases where vehicles are stolen." I'm like, "Well, how was it possible that they stole the vehicle without a key?" Now I know that they have these. Technology is always advancing.

Also, there's numerous online videos of individuals demonstrating how to use the particular device that I'm talking about to steal vehicles. The cost of purchasing this device, which is commonly used by locksmiths, is \$510 on a particular website.

**John:** Jim, what are the key takeaways today regarding automobile theft investigations?

**James:** John, the principles of investigating a claim are all similar. It's imperative that the investigator do his homework before getting a statement.

The investigator needs to run license plate readers search, whether it's on Flock or TLO, and do their CARFAX searches before conducting the investigation, and then focus on the inconsistencies when interviewing the insured. As I said before, remember, preparation is the key to success.

Also, the investigator needs to stay current with emerging technologies. I had no idea about the device I just mentioned that can create a universal remote that can steal a vehicle without a key fob, and then also the Wi-Fi scrambler because I was scratching my head when I kept getting these auto thefts and the cameras didn't even record the theft.

It's important to join different organizations as an investigator. For example, in Georgia, I belong to an automobile theft intelligence group, and we are constantly learning about new technologies used to steal vehicles.

**John:** Jim, always great having you. Thanks so much for joining us again today.

**James:** My pleasure, John. Thanks for having me.

**John:** You were listening to Jim Barbieri, president and CEO of [Claims Advantage, Inc.](#) in Georgia. Special thanks to today's producer, Frank Vowinkel.



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I'm John Czuba, and now this message.

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