



# Coffee Break Training - Fire Investigation Series

## Fire/Arson and Explosion Investigation Curriculum: Red Flags of Residential Arson

No. FI-2013-8 July 15, 2013

**Learning Objective:** The student will be able to list and explain the key “red flags” (indicators) of residential arson fires.

Oftentimes, an attractive motive for arson is insurance fraud. In economic downturns, homeowners may resort to insurance fraud to receive settlements from the insurance company based on fraudulent claims due to fire losses.

The following red flags of residential arson should be evaluated when investigating residential property losses:

*The property’s insurance coverage history.* Did the insured place a policy on the property just prior to the fire? Were there increases or decreases in coverage, decreases in deductibles just prior to the loss, or an increase in coverage just prior to the loss?

*Loss history and prior claims.* Some individuals may begin a fraudulent scheme by filing an injury claim. Then they may file a stolen vehicle claim. Once they feel as though they know how the insurance company is going to proceed in evaluating and settling their claim, then they may move on to an arson loss.

*Extensive debt or pending bankruptcy.* While not direct evidence of fraud, there are reasons to ask additional probing financial questions during the investigation. Just because someone files for bankruptcy and then suffers a fire loss doesn’t necessarily mean the fire is incendiary in nature.

*An insured is unusually calm after a fire loss at his or her home.* Most people are not calm after their house burns down and all of their personal belongings have been destroyed. Usually the owner is visibly upset, crying or very emotional. Actions and behavior to the contrary should be considered abnormal and reason for scrutiny during the investigation.

*Willingness to accept a small settlement rather than document all the claims losses.* This is a person who does not want to go through the process of filling out the required paperwork for his or her claim to be processed. Instead, he or she is willing to take any settlement offered by the insurance company.

*No one is home at the time of loss, including the family pet.* If a family pet is usually in the home and it is not present when the fire occurs, investigators need to establish why. Many people consider their pets family members, and they choose not to leave them behind to possibly be injured or killed as a result of an intentionally set fire.

*Items being moved in and out of the house just prior to the loss.* In many fraud-related fires, individuals remove all their “good” personal items and replace them with items of much lesser value or junk. However, when filing the insurance claim, they will list the value of the original good, high-value items to receive the maximum amount of money.

*The property is in disrepair, condemned, vacant or about to be demolished.* These are situations where an insured is going to have to invest a considerable amount of money into the property to bring it up to code or keep it from being condemned, which he or she may not be able to do. Instead, the insured burns it for the insurance money.

*Property normally close to the premises is moved prior to the loss.* If an expensive boat or recreational vehicle is always parked near the house but it is not there at the time of the fire, it may indicate a deliberate act.



Homeowners in financial trouble may resort to arson and insurance fraud to receive money from their insurance company. (Photo courtesy of Thomas Petty, Harris County Fire Marshal’s Office (Texas))