

PRESS RELEASE

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ARIZONA OUTLAWS INSURANCE "CAPPING"

Arizona has a new weapon for fighting insurance fraud! A.R.S. § 13-2924, which was effective August 21, 1998, makes the practice of "capping" a class 1 misdemeanor. Capping is a form of insurance fraud that is estimated to cost Arizona insurers millions of dollars every year. Capping and other forms of automobile insurance fraud raise the price of auto insurance premiums by \$200 a year for an average policy holder.

"Cappers" are people who go to the scene of an accident and encourage the accident victim or the victim's family to pursue a legal claim for a large insurance settlement - even in cases that may involve only minimal damage. Cappers often find their victims by monitoring emergency radio bands, or paying towing company personnel to call them with locations of accident sites. Cappers refer or even drive their victims to particular medical and legal professionals or public adjusters, who are often part of a scheme to exaggerate the victim's injuries, in an attempt to collect higher fees and damages. The capper then

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collects kickbacks or fees from the victim or the professional in exchange for facilitating the referral.

Consumers wind up footing the bill for cappers, in the form of higher premiums.

Special investigators from the Arizona Department of Insurance Fraud Unit, in partnership with officers from the Department of Public Safety, local police units, and the National Insurance Crime Bureau, are monitoring accident sites, and using the new law to arrest cappers and put them out of business.

The Department of Insurance needs the public's help to end this unlawful, costly form of insurance fraud.

The Department's Fraud Unit encourages any person who is approached at an accident scene by a suspected capper, or who has witnessed this activity at an accident site, to immediately contact the Fraud Unit at 602-912-8418.