



NW Insurance Council

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News Release

Contractor Fraud Costs Americans Billions Every Year

NICB's Contractor Fraud Awareness Week runs May 20-24, 2024

SEATTLE, WA, MAY 20, 2024 — Every year, hurricanes, tornadoes, and other catastrophic events leave millions of Americans struggling to recover and rebuild their lives. Unfortunately, these events also provide an opening for dishonest contractors looking to take advantage of homeowners. In 2023, U.S. insurers paid more than \$92 billion in catastrophe losses, with upwards of 10 percent or \$9.2 billion lost to post-disaster fraud. This fraud not only impacts individuals, but also impacts insurance premiums throughout the industry.

To help combat this growing nationwide problem, [NW Insurance Council](#) is joining with the [National Insurance Crime Bureau \(NICB\)](#) to recognize [Contractor Fraud Awareness Week \(CFAW\)](#) from May 20 to May 24, 2024. The goal of the campaign is to educate homeowners and business owners on the signs of contractor fraud and how to avoid becoming a victim of deceptive contractors after a natural disaster.

“Contractor fraud costs hardworking Americans billions of dollars every year,” said David J. Glawe, President and CEO of NICB. “After a natural disaster, fraudulent contractors work to exploit the vulnerabilities of unsuspecting homeowners with the promise of affordable renovations, repairs, or construction projects that leave behind a trail of broken promises, shoddy workmanship, and depleted savings.”

NICB partners with government agencies, as well as its members, to educate homeowners and businesses on how to avoid becoming victims of insurance fraud. It sponsors public awareness events across the country and works with local law enforcement agencies to help catch fraudsters taking advantage of hardworking Americans. NICB also participates in federal, state and local task forces, fusion centers, and intelligence groups, while working strategically with lawmakers and regulators in all 50 states to boost efforts by insurers and law enforcement to combat insurance fraud.

“With the dramatic increase in home repair and construction costs over the past three years, it is more critical than ever that homeowners guard against fraudulent contractors, who take money upfront, but make shoddy repairs – or do no work at all – leaving residents with fewer or no funds to make critical repairs from insurance claim proceeds,” said NW Insurance Council President Kenton Brine. “Report damage to your insurer and let them help you with the claim and recovery processes by locating a reputable contractor.”



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NICB recommends following these tips before hiring a contractor:

Be Proactive

- **Assess Damages:** If you think you have catastrophe-related damage, reach out to your insurance company, and ask for clarification on your coverage.
- **Recruit a Professional:** Seek out a licensed, insured, and well-reviewed contractor before any potential fraudulent contractors come knocking on your door.

Research and Verify Before Signing Anything

- **Research and Verify:** Before hiring a contractor, research their credentials, reputation, and track record. Check for licenses, certifications, and reviews from previous clients. Verify their insurance coverage and inquire about any past complaints or legal issues.
- **Get Multiple Quotes:** Obtain bids from multiple contractors for comparison. Be wary of significantly low bids, as they may indicate substandard work or hidden costs. Aim for a balance between affordability and quality.
- **Beware of Red Flags:** Be alert to red flags such as high-pressure sales tactics, vague or evasive answers, or reluctance to provide written estimates or contracts. Trust your instincts and proceed with caution if something seems off.

Stay Involved and Take Account

- **Written Contracts:** Always insist on a written contract detailing the scope of work, materials, timeline, and a payment schedule that does not include large upfront payments. Review the contract carefully, ensuring that all terms and conditions are clearly outlined and agreed upon by both parties.
- **Stay Involved:** Stay actively involved in the project by regularly communicating with the contractor and monitoring progress, while keeping records of all work communications.
- **Seek Legal Advice if Necessary:** If you suspect contractor fraud or encounter significant problems during the project, seek legal advice promptly. A legal professional can help you understand your rights, explore options for resolution, and take appropriate action to protect your interests.

Report Fraud

Anyone with information concerning insurance fraud or vehicle theft can report it by calling toll-free 800.TEL.NICB (800.835.6422).



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About the National Insurance Crime Bureau: Headquartered in Oak Brook, Ill., the National Insurance Crime Bureau (NICB) is the nation's leading not-for-profit organization exclusively dedicated to combatting and preventing insurance crime through Intelligence, Analytics, and Operations; Education and Crime Prevention; and Strategy, Policy, and Advocacy. NICB is supported by more than 1,200 property and casualty insurance companies and self-insured organizations. To learn more, visit NICB.org.

About the NW Insurance Council: Headquartered in Seattle, WA., the NW Insurance Council is a nonprofit, insurer-supported organization providing information to consumers, media and public policymakers in Washington, Oregon and Idaho.