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How to spot counterfeit items

BY DON STAFFORD

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The strange man in a trench coat at the street corner is a classic cartoon image... "Have I got something to show you!" he says, opening his coat to reveal five rows of Rolex watches. In places like New York City, the trench coat has been upgraded to a folding table and chair. Coach handbags, Ray-Ban sunglasses, Gucci heels, Michael Kors bracelets and the classic Rolex replicas... Or are they knock-offs?

We know these cheap products are counterfeits, but can you tell the difference between a replica and a knock-off? Your best guess at telling if something is a fake is to look at the label. On the item in question you see "Made in China." You determine it's a counterfeit. But today many retail items on store shelves at your local mall are made in China and are indeed authentic designer brands.

People use the term "knock-off" and "counterfeit" interchangeably, however they are not actually the same thing. Distinguishing between a replica, a knock-off, and a genuinely counterfeited item will be the subject of a webinar on Sept. 11th, "Best practices for spotting counterfeit items."

Plying a trade in cheap replicas and knock-offs is big business. How big? The projected value of global trade in counterfeit and pirated goods for 2015 is pegged at \$1.77 trillion, according to the International AntiCounterfeiting Coalition. As you might guess, the most commonly counterfeited consumer items include electronics, watches and jewelry, handbags, footwear, apparel and accessories...items that also happen to be the most popular things filed in

burglary theft claims, according to Enservio data.

The increased prevalence of counterfeit items means adjusters will encounter them in the field and need to protect against paying top dollar for claims consumers have inadvertently filed for counterfeit items.

Adding insult to economic injury, there are serious risk factors that can harm unsuspecting consumers of fake products. Unlike the man in the trench-coat, products sold at retail stores must adhere to Consumer Safety Product Commission guidelines to stay in business. While U.S. customs officials say 80% of fakes smuggled into the country come from China, a very real concern is consumer safety as fake products arrive completely unregulated.

A recent CBS story reported on risks including "fake batteries that contain mercury, electrical products that don't meet safety standards, perfumes found to contain urine and high alcohol content, and clothing made with toxic dyes and flammable materials."

Here is a quick summary of the four categories of retail items:

- i) **Authentic** – The real product from the original designer.
- ii) **Replica** – An exact copy of an existing product, meant for display purposes. This most often occurs in museums. If this word is used in the market, it is often meant to describe a knock-off.
- iii) **Knock-off** – A product made to closely resemble or imitate an existing designer piece, but with the logo or brand name of the company creating the knock-off, and not that of the original. Knock-offs are often sold at much less than the authentic piece. If the purchaser is familiar with the real brand's logos, and current line, they will not be deceived. If the purchaser is not familiar with these details, they may believe the item to be real. Knock-offs are legal.
- iv) **Counterfeit** – A product made to look identical to a designer item, with the brand name or logo of the designer item, and sold as authentic, but is made by another company, thus deceiving the buyer.

Don Stafford is senior vice president, customer experience, for Enservio, which offers software and services across the entire value chain of contents claim processing—from onsite inventory capture of non-restorable contents—to transcription, appraisal, valuation, payment, replacement and predictive analytics. Enservio will be hosting a webinar on identifying counterfeit items on Thursday, Sept. 11th.

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