



Investigating Claims of Concern in COVID-19

There will always be some who try to beat the system. In the various lockdown restrictions, put in place to protect all of us, the media showed people continuing to host large gatherings and dinner parties. More shocking reports suggested that over £500,000 had been scammed by fraudsters 'selling' COVID-19 vaccines, we saw an elderly lady being coned into paying £120 for what she was told was a COVID-19 vaccination. It seems many people did not realise it is free on the NHS.

Whilst there is no direct link to insurance fraud from these examples, they illustrate how some people are prepared to break the rules and the law. For COVID-19 this seems to have been spending time with friends and family or relieving boredom, some may suggest breaking the rules is easier than adhering to them. In this article we ask if the same applies to those people who decide to commit insurance fraud.

We often start discussing fraud with the fraud triangle of Opportunity, Attitude and Incentive. Sheer volume of rules and regulations can affect people's attitude to compliance - the more you are told what to do, the more some react against it. Couple that with the increased pressure and incentive that has been created by COVID-19, in terms of decreasing family incomes, businesses that are struggling and lost jobs, and suddenly you have the perfect storm. Some policyholders whose attitudes are influenced by all of the above, will then take the opportunity provided by their insurance policies to make fraudulent claims.

The reasons for breaking COVID-19 regulations are generally portrayed in the media as selfish ones, but maybe people are flouting the rules in order to help others. They could be visiting a lonely neighbour, easing the mental anxieties of others. However, if we accept that some of those who flout the COVID-19 rules do so for good reasons, to help and support others, the same does not apply to insurance fraud. I have not yet come across a philanthropic insurance fraudster. In times of recession some may feel they have no alternative but that does not make it right.

Types of Fraud on the Rise

Insurance fraud is constantly evolving. The big uptake in online activity has seen a commensurate increase in online fraud. Many more people now work from home and we are doing far more shopping online too. This means that our personal and business data has never been at greater risk from cyber criminals. From recent experience, we can vouch that attempts to intercept claim communications to direct agreed claim payments to criminals' bank accounts, have never been more prevalent.

Identity theft: Fake policies are set up to make false claims, or to modify policy coverage, and are a growing threat. We have also seen policy applicants falsely calling themselves NHS staff, trying to take advantage of discounts offered.

Home injuries: Employers' Liability claims are increasing, as a result of working from home, with employees claiming injuries suffered because of a lack of adequate risk assessments and inadequate homeworking equipment. Unscrupulous 'claims farmers' are now calling to tell us they can help with the work injury we have suffered at home!

Ghost broking: This continues to grow. Shoppers who choose their insurances online need to be wary of the online intermediary they may use to select the best policy for them. If the premium appears too good to be true, it probably is.

Pressurising claims handlers: Bringing pressure to bear on the claim handlers through anger and complaints remains common, by preventing access to adjusters/ investigators to view the damage claimed and/or by changing the claim circumstances. These remain the same, though COVID-19 has given the fraudster more ammunition.

- 'Unreasonable' anger can be explained as arising because of mental health issues, due to lockdown, for instance
- Complaints can be made for delays caused by COVID-19
- The refusal of site visits to discuss a claim or to see the damage, may be more difficult to dispute if this is said to be because of concerns over social distancing
- Confusion caused by the unusual times we are living in and/or because no one has been to the business premises during lockdown, is being used to justify changing claim circumstances.

United to Fight Fraud

Technology is key to an effective counter fraud strategy. Sophisticated tools for detection and prevention allow better insight into what are high-risk fraud areas and can also help to identify emerging new trends. Artificial intelligence 'learns', so our tools can adapt and evolve as the fraudsters change their modes of operation. Investment is critical - but imperative is our ability to work together as an industry. Showing a united front, particularly when the going gets tough.

By example, a recent claim came from an insurer who had dealt with three previous claims, in different properties owned by the same policyholder. This claim was again for water damage in a tenanted property, with a value over £60,000. The claimant demanded early settlement based on amounts paid out on the previous claims. Our investigator contacted the claimant who was immediately resistant. Complaints were made to the broker, and about the broker, when they failed to acquiesce to his demands.

In the meantime, the claimant made a fifth claim for water damage at another property where one of the previous claims had been cash-settled. There was no evidence that the previous damage had been repaired. The insurer agreed that there were numerous concerns around this claimant. The claimant then made complaints and unsupported allegations against the claims handlers at the insurer.

The fact that he complained about everybody did mean that we were all in the same boat and, perhaps, that helped the united approach. We all remained steadfast, though always fair and reasonable, giving no grounds for genuine complaint. Our McLarens investigators bent over backwards to accommodate the claimant's demands, changing our investigator, offering a variety of appointment dates and encouraging the claimant to have representation as appropriate.

In the end the two claims were withdrawn which had a combined value of over £100,000. The claim withdrawals were recorded as Suspected Insurance Fraud and underwriters then considered whether to remain on cover.

Technology is a fantastic enabler in this digital age and maintaining the pace and deploying new tools that are available are crucial to our investigations. It has to be said though that, perhaps especially in these exceptional times, insurers, brokers, adjusters and investigators all working together openly, remains the best way to prevent insurance fraud and maintain the integrity and the reputation of our industry.



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Tim recently gave his investigation predictions for the coming months in the McLarens CPD Roundtable: How COVID-19 is Changing Behaviours in Claimants, watch the recording on mclarens.com

References

¹ BBC, (Year published). Covid: Man denies giving woman, 92, fake vaccine. [online] BBC News. Available at: <https://www.bbc.co.uk/news/uk-england-london-56032484> [Accessed 25 February 2021].