McLarens

Fighting Insurance Fraud

Fighting insurance fraud is not an easy task. It is often said that it is the careless ones who get caught; the ones that leave that little bit of evidence. I have been involved in many cases where there are all the hallmarks of fraud, the gut feelings, the 'red flag' indicators but, not for the want of digging, we don't find that little piece of evidence to link all the concerns together; these are the difficult cases, the ones that you sometimes have to call time on. Investigating fraud can be frustrating and exhausting.

What Are We Up Against?

There is no set legal definition of fraud. Fraud is addressed in the Fraud Act 2006 by breaking it down into three sections:

1. Fraud by false representation
2. Fraud by failing to disclose information
3. Fraud by abuse of position

Many insurers have their own definition of fraud but the main crux is **the deliberate intention to deceive and seek a monetary gain**; this could be at any stage of the insurance process, from policy inception through to claims.

I have read many an article asking who the typical insurance fraudster is. Could it be the local policeman, a teacher, a religious leader, a manager, an unemployed person, or even you or me. The reality is that anyone has the potential to commit insurance fraud and thus an open and inquisitive mind must be maintained when investigating potential fraud.

Evidence Sources

As technology moves on, so does the availability of information in the claims investigation process, for example our mobile phones can track our every move. Vehicles are valuable sources of information, aside from useful DNA in them, we can use GPS, vehicle speeds, seatbelt use, vehicle key information itself. The information required for a good quality investigation is often there but there are also obstacles.

In all areas of fraud investigations, Data Protection issues arise. There are certain exemptions but, in general, obtaining information and/or records of others is not a given right. Since the end of the COVID-19 lockdowns there has been a rush to 'voluntarily' provide our contact details and medical history, in order to facilitate travel and access to leisure activities. While the public appear willing to disclose personal and sensitive information voluntarily in certain situations, this only re-enforces concerns when investigators get negative responses from claimants to our DPA consent requests. If most people are freely giving strangers their medical history, why are some not willing to consent to requests from their insurer to provide information that will help process their claim?

The Cost of Fraud

The Association of British Insurers (ABI) stated in 2020 that £3.3 million worth of fraud was detected every day.[1] In an ideal world, all fraud would be investigated no matter the costs involved. However, is it worth spending thousands on investigations when the claim is only worth a few hundred? On these merits alone, the answer would be 'no', but what happens if the fraudster returns with a much larger claim which could have been avoided

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The reality is that in most cases insurers will not get the costs of their investigations back should fraud be proven. Clearly, in such cases, the insurance claim will not be paid out and so the claim cost is saved. However, for an insurer to recover its outlays can be a long process, extremely difficult and costly.

Successful Investigation

I am often asked how I know if a claim is fraudulent, I respond with the quote "if it looks like a duck, walks like a duck and quacks like a duck, it might just be a duck."

I have been fortunate enough to investigate some interesting cases in my time and interview many intriguing people. I recall a case within the past year when I was asked to interview an individual who, later that same day, was lucky to be alive after an attempt was made on his life. Throughout my time I have received numerous threatening and aggressive behaviours. I took each one of these as compliments that I was doing a good job and close to getting the right outcome on the claim, whilst treating all parties fairly and equitably.

There is satisfaction in fraud investigations: getting the right result; seeing the fruits of your hard labour; going through the courts and successfully arguing your position. Being cross-examined on your investigations is no mean feat but evidencing findings, to leave the judge with no doubt that the case in front of them is a fraud, is a great feeling. It has been my experience in civil cases that, if there are valid genuine concerns, judges are more than willing to listen to the arguments and, if satisfied, they will likely dismiss the case. Getting a criminal conviction is much harder, though not impossible. I have endured, and enjoyed, giving evidence in front of a jury trial.

Pushing Forward

The insurance industry has come a long way in tackling fraud, but there is more to be done. Investment in front-end claims systems can help prevent fraud coming in and provide early identification through initial checks. Once concerns are identified, the use of appropriately trained insurance investigators to conduct necessary enquiries, on site and in person, must be considered. It's not just about knowing how to investigate, a sound knowledge of insurance principles and good investigation experience and skills are essential in tackling insurance fraud.

Collaboration in the fight against fraud is key, with the insurance industry and the police working closer together. After all, insurance fraud is a criminal offence and can often be associated with other criminal offences. Fraud must be seen by society as a serious criminal offence with consequences. The industry fight back is underway but there is so much more to be done. We cannot rest on our laurels; fraudsters evolve and so must we.

Conclusion

We fight fraud to make sure claims have the correct outcome and for the personal satisfaction that a successful case brings. Knowing that you have done a good job, whilst making a small contribution to society and the industry in the fight against fraud, is what makes it worthwhile. There are many good reasons to continue the fraud battle. That is why I decided to join McLarens Investigation Practice – to be part of the bigger picture in the fight against fraud.

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Alan recently joined McLarens on a full-time basis, as an Investigator based in Northern Ireland. Alan has 25 years of experience in insurance, including running his own investigation business and previously working with the McLarens Investigation Practice in a consultancy capacity.

References

[1] ABI, (2020) Detected Insurance Fraud - new data shows that every five minutes a fraudulent claim is discovered[online] ABI. Available at: https://www.abi.org.uk/news/news-articles/2020/09/detected-insurance-fraud/[Accessed 30 July 2021]