



MCLARENS HIGHLIGHTS HEIGHTENED FRAUD RISK AMID WEATHER-RELATED EVENTS

MEDIA ALERT – 2 NOVEMBER 2023: The industry must be aware of heightened fraud risk, amid a slew of weather related events in the UK & Ireland, according to the global claims services provider [McLarens](#). The firm, which is focussed on complex, commercial and specialty markets, is warning insurance and claims professionals to be vigilant as fraudsters look to take advantage of recent surge events.

Brendan Gillooly, Head of Investigation at McLarens UK & Ireland commented: *“As we grapple with the aftermath of successive weather-related events, the risk of fraudulent claims looms large, threatening to exploit the pressures insurers face when dealing with an influx of genuine claims.”*

Severe weather events such as Storm Ciaran tend to result in numerous legitimate insurance claims for property damage. Fraudsters, aware of the overwhelming volume of claims, seize the opportunity to submit bogus or exaggerated claims during such surge environments.”

Gillooly points out three key risk areas:

- **Opportunistic Fraud:** Opportunistic fraudsters may target dilapidated buildings affected by genuine weather events. They may attempt to include unaffected areas in their scope of work or claim additional damages to inflate their payouts. Even aging stock that has languished in inventory may suddenly appear as damaged.
- **Rise in False Documents:** Over the past year, the insurance industry has witnessed a surge in false documents, further compounded by the easy access to Artificial Intelligence (AI) platforms in the public domain. Fraudsters are now using AI to churn out convincing invoices, bank statements, and other documents in large quantities, making detection more challenging.
- **The Dark Side of AI:** There is a counterpart to AI platforms like ChatGPT on the dark web, aptly named "FraudGPT." For as little as \$30USD, anyone can access this fraudulent AI platform, posing a significant threat to the industry's document verification processes.

According to Gillooly: *“As severe weather events continue to impact various regions, it’s crucial to maintain a robust and detailed investigation process. While tools like our SmartScreen triage service can assist, frontline defence rests with insurance professionals. Some claims may only surface weeks or even months after the initial event, emphasising the need for meticulous attention to detail at every touchpoint.”*

“Collaboration and vigilance are key in combating insurance fraud. If anything appears amiss or suspicious, we encourage insurance professionals to reach out for assistance and guidance. A simple conversation may uncover potentially fraudulent activities.”