

Insurance fraud taskforce – terms of reference

Aim of the taskforce

To investigate the causes of fraudulent behaviour and recommend solutions to reduce the level of insurance fraud in order to ultimately lower costs and protect the interests of honest consumers.

Focus

The taskforce will be expected to recommend solutions which would lead to a long-term reduction in the level of insurance fraud. It will not concentrate on specific lines of insurance but will instead consider fraud in the round. Solutions may be legislative, regulatory or industry-led.

The taskforce will focus primarily on solutions which address the following issues:

- i) the perception among some consumers that insurance is 'fair game' and that insurance fraud is a legitimate way of making some money;
- ii) the extent to which insurance fraud is encouraged (or not deterred) by existing practices of those involved in the claims process (including insurers, lawyers, claims management companies and other intermediaries); and
- iii) aspects of the current legal or regulatory framework which could be strengthened to prevent insurance fraud.

The taskforce will take the following into account when considering the merits of possible solutions;

- i) the potential long-term benefits against the potential long-term costs;
- ii) whether the solution would have an adverse impact on consumers and if so, whether action could be taken to mitigate this;
- iii) whether the solution is robust or could be undermined;
- iv) if raising barriers to fraud in certain areas will simply lead to an increase in fraud in other areas.

The overarching factor in forming any recommendation will be the impact on honest consumers.

Timeframe

The taskforce is to be established by January 2015. An interim scoping report will be produced by March 2015 and a final report will be published by the end of 2015.