

## **Insurance Fraud Taskforce – stakeholder roundtable 21<sup>st</sup> April 2015**

The event was attended by academics, lawyers, the insurance industry, regulators, government, and other organisations. The purpose of the event was to discuss views from stakeholders on the Taskforce's interim report and to explain the areas that the Taskforce was exploring further.

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### **Introduction from Taskforce chair David Hertzell**

- David explained that insurance fraud was a cost to insurers, to consumers, and also to the public sector.
- David said that discussion at the February stakeholder roundtable had focused on personal injury trends, the causes of fraud, nuisance calls, fraud data, public attitudes, and understanding of fraud.
- David noted that a personal injury claims workstream had been established to identify parts of the end-to-end process which may be vulnerable to fraud. David said that most claimants were honest and the Taskforce would not seek to prohibit these individuals from making legitimate claims.
- David said that he had met with regulators to discuss nuisance marketing and the link to fraud. David stated that he also met with organisations to discuss fraud data and had learnt that more needs to be done to ensure data is being used fully.
- David noted that he had also learnt that arson was a significant problem, and questioned whether enough was being done to tackle fraud associated with this.
- David made reference to the ABI-commissioned research on the motivation of fraudsters which showed that opportunists perceived fraud as relatively easy, and would have been reconsidered committing fraud had more deterrents been in place. David also acknowledged Aviva's international comparative research.
- David said that the Taskforce would be looking further into application fraud and would meet with price comparison websites to discuss how they could work with the industry to tackle fraud.

### **Stakeholder views**

*Trends/data*

- There was discussion about the accuracy of existing statistics on fraud and debate about the existence of certain trends. Attendees recognised that while the exact extent of fraud was subject to debate, insurance fraud was a significant problem and concerns were legitimate.
- There was discussion around the extent to which reforms aimed at tackling litigation costs would lead to a reduction in insurance fraud.

#### *Application fraud*

- There was discussion around the importance of preventing fraud at the application stage. It was suggested that this was difficult because of incomplete fraud databases.
- There was discussion around whether fraud prevention obligations for claimant lawyers should be extended.
- It was noted that banks had been more successful than insurance companies in educating customers about the need for fraud checks.

#### *Policyholder behaviour*

- It was stated that policyholder behaviour was affected by negative perceptions of insurers, and misunderstanding about the insurance market. It was noted that some consumers believed they deserved compensation for the inconvenience of completing claims paperwork.
- Research was referenced which suggested that some people thought it was legitimate to make an insurance claim for injury despite not having been injured.

#### *Practices of those involved in the claims process*

- There was debate around whether insurance companies collected sufficient evidence from those submitting insurance claims.
- Attendees raised concerns about examples of misconduct by some claims management companies.
- It was noted that there was an increasing problem of data theft which was contributing to the problem of fraud.
- There was discussion around changes to third-party claims process which might reduce the level of insurance fraud.

#### *Use of fraud data*

- It was argued that failures in data-sharing were partly down to the industry's short-termism as well as concerns around data protection. It was noted that steps were being taken to improve the quality of fraud data.
- It was argued that raw data should be shared more widely but that it was legitimate for companies which made investments in data analysis not to share all of these insights.
- There was debate around whether data-sharing on fraud should take place with those outside of the insurance industry.