



The Evolution of Claims Fraud

Insurance Institutes of Sussex & North Downs Conference
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Learning Objectives

By the end of this session attendees will:



01 Have gained an awareness of the current fraud landscape



02 Have developed an understanding of different fraud types and how they are detected



03 Understand the impact of technology in the fight against fraud



04 Recognise the changing legal landscape from a fraud perspective

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The Evolution into Casualty Fraud

Motor Fraud remains the most common claims fraud type. However improved fraud detection, legislative reform and industry action has seen a transition into several areas. Most notably, Casualty Fraud.

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The basics of a liability claim



Identification of a defect

The claimant needs to find a way of establishing fault against the third party. This can vary from the identification of a pothole in the road to a known hazard in the workplace



Claims Circumstances

The claimant needs to establish when, where and how the alleged accident took place



Sustaining an injury

The claimant needs to be able to evidence, on the balance of probabilities that they sustained a compensable injury in the index accident



Submitting a claim

The claimant is then required to formally submit a claim against the defendant, which commonly involves legal representation

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Red Flags



Fabricated Incident
Failure to Report the Accident
Lack of witnesses to the event
Inconsistencies with the locus, date, time and version of events
Claims History and/or adverse credibility evidence
Defendant is a perceived "easy target"
Known defect or "guaranteed winner"
Implausible accident circumstances

Fabricated Injuries
Minor incident however disproportionate injuries sustained
Injury inconsistent to accident circumstances
Lack of medical attendance
Known pre-existing issues
Inconsistent social media posts
Claimants ability to continue working/excessive time of work
Injuries complained of are not visible on CCTV

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The Evolution of Fraud Technology

Fraudsters are evolving using technological advancements to aid their cause. To combat this, the counter fraud industry has also got a plethora of tools to detect and prevent fraud. Technology will therefore play a more important role in claims fraud than ever before.

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Technology

Keeping pace with Insurance Fraud

- Network Analysis
- Rules Based Scoring
- Artificial Intelligence
- Open-Source Screening
- Voice Analytics
- Metadata Analysis



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The Judicial & Legislative Evolution

Over the past ten years we have seen new legislation that has assisted defendants to fight insurance fraud. We have also noted a shift in the judiciary views regarding Insurance Fraud generally.

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Fundamental Dishonesty

A warning to claimants

Several cases have highlighted dangers to claimants, even in cases where serious injuries have been sustained. The whole claim has been struck out where a finding of fundamental dishonesty has been made. In these cases, it is likely the defendant will be liable for substantial costs. And not only this, but defendants may also seek a prison sentence for contempt of court.



“ Section 57 of the Criminal Courts and Justice

Act:

This section applies where, in proceedings on a claim for damages in respect of **personal injury** (“the primary claim”)

the court finds that the **claimant is entitled to damages** in respect of the claim, but

on an **application by the defendant** for the dismissal of the claim under this section, the court is satisfied on the balance of probabilities that the claimant has been fundamentally dishonest in relation to the primary claim or a related

“ claim

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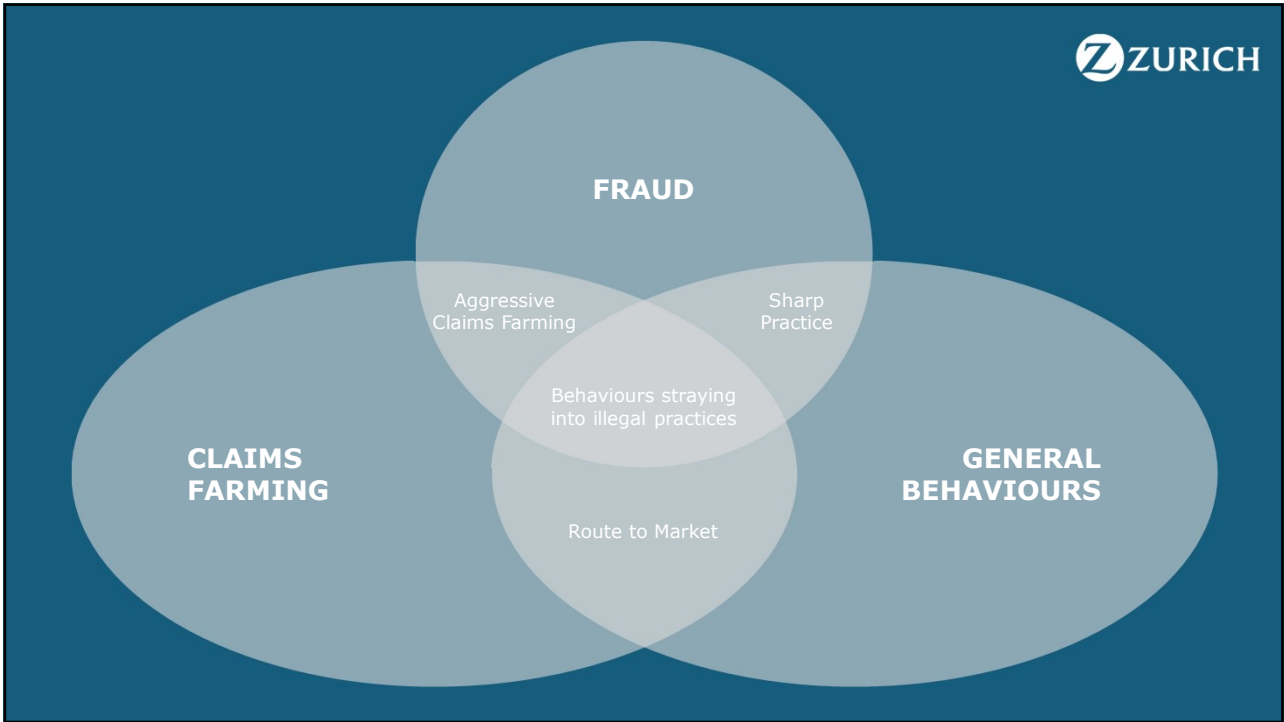
How Behaviour has Evolved

Knowing your opponents and the behaviours they display is pivotal to claims handling. Additionally, sometimes those behaviours cross the line and stray into illegal practices and fraud.


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Current Fraud Landscape

Following the recent evolution of claims fraud, it's important to now consider the current landscape.

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Current Fraud Landscape



Casualty



- Rise in fraudulent pothole cases
- Claims farming activity in cavity wall insulation claims, housing disrepair and data breach claims
- Business types targeted where the perception is that breach of duty will be easily established.
- Easy Accidents (unwitnessed) continue to be a target for opportunist claimants

Property



- Seeing increases across Personal and Commercial
- Cannabis Factories, Unoccupancy, Loss of Jewellery and valuables, Accidental Damage, Theft
- Detection timescales tighter
- Reliance on loss adjusters
- Involvement of loss assessors
- Recent inception
- Remote interviewing

Motor



- Whiplash Reforms are influencing volumes
- Adding in multi-site injuries – already seeing hands, feet, knees, elbows for example
- Increased presence of psychological injuries being notified
- Increase in bent metal and credit hire fraud. Also linked to the scope of Section 57.
- False documentation/Shallowfakes

Cost of Living Crisis

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Thank you for your time

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