

# Beating the fraudsters

Insurance fraud affects everyone. Asha Masters, Editor of the Allianz Commercial P&C Newsletter speaks to Mihir Pandya, Fraud Manager, Allianz about how we're protecting our policyholders from fraud.



Mihir Pandya,  
Fraud Manager, Allianz

Enforcement Department (IFED), and most recently, the Insurance Fraud Register (IFR) set up in January this year, which is the first industry-wide database tool which holds details of known fraudsters.

#### What is Allianz doing to protect its customers?

As well as supporting the industry-wide initiatives we also have our own counter fraud programme. Within claims we have 75 full-time employees in fraud roles, doing everything from determining our strategy to raising awareness of fraud with employees and policyholders. When it comes to detecting fraud, it's very much around intelligence. Data mining and claims analysis enables us to identify trends and links between claims which can result in further investigation. We do still use surveillance but this is a very small part of the work we do.

At Allianz, we were also the first insurer to set up a casualty claims validation team, taking a lead in the industry...it's all well and good saying 'we know who you are and we're coming to get you,' but you actually need to have the right structure put in place to do it. Insurers are also seeing more casualty fraud than five years ago, such as organised 'slips and trips' and we've decided to take a proactive approach to tackling this by investing in resources and focusing our attention on it.

#### What results have you seen?

At Allianz, we detect and prevent fraudulent claims worth £55m a year. We're really pleased with this but we'll keep looking for ways to prevent fraud and protect the interests of honest customers.

#### How big a problem is fraud?

Recent studies have shown just over one in three people think insurance fraud is just a fast way to make cash and they won't get caught. And, while it's difficult to put a figure on the amount of fraud that goes undetected, the Insurance Fraud Register estimates it could be in excess of £2.1 billion a year. This adds, on average, an extra £50 to the annual insurance bill for every UK policyholder. The insurance industry itself is thought to spend around £200m a year fighting fraudsters so there can't be any let up for the insurance industry.

#### How is the insurance industry tackling fraud?

Over the course of the past 20 years, the anti-fraud infrastructure has developed substantially, setting up and funding a number of significant counter fraud initiatives, including the Insurance Fraud Bureau (IFB) in 2006, which focuses on detecting and preventing fraud, the specialist police unit - the Insurance Fraud



#### Case study

**A 41-year-old man, claimed a devastating fire caused £2m worth of damage to his family business, a Bathroom and Kitchen Centre showroom, in June 2012. Submitting a buildings, contents and business interruption claim on his Allianz insurance policy, he claimed the fire was started by local arsonists.**

The Allianz fraud investigation team found credible evidence through interviews with the claimant, his employees and witnesses, as well as investigations into his financial status which all pointed to foul play, and consequently gave the claimant a motive to destroy his own property.

In a four-week trial, the jury heard how Allianz's investigations showed the burglar alarm had been turned off and then back on again shortly before the fire was spotted by a passer-by. The claimant's mobile phone tracking technology had also invalidated his alibi, as despite claiming he was eight miles away when the fire was set, both eye witnesses and the evidence placed him in the proximity of the showroom when the fire was lit.

The claimant was convicted on Monday 4 August 2014, remanded in custody and will subsequently be sentenced at a later date.

Martin Saunders, Divisional Claims Manager, Allianz Claims, commented: "This case is extremely serious because not only did this person attempt to fraudulently claim a significant sum of money, but he also put his life and the lives of others in danger. We will not hesitate to assist the Police with their enquiries and to bring fraudsters to Justice."

With all of the industry's initiatives working together successfully, the IFED has had more than 400 people arrested and the IFB has had over 900 convictions this year showing how effective these initiatives are proving. Furthermore, last year a record £1.3bn of fraudulent insurance claims were detected by insurers. The insurance industry also continues to push forwards to create a shared, cohesive and technology-based response to fraud because fighting organised fraud is

all about data sharing and talking to other insurance companies; using the IFB, looking at data sets and building links.

**How can customers help beat the fraudsters? If anyone is suspicious about a claim, they can contact us here at Allianz, or call the Insurance Fraud Bureau's Cheat line on 0800 422 0421**