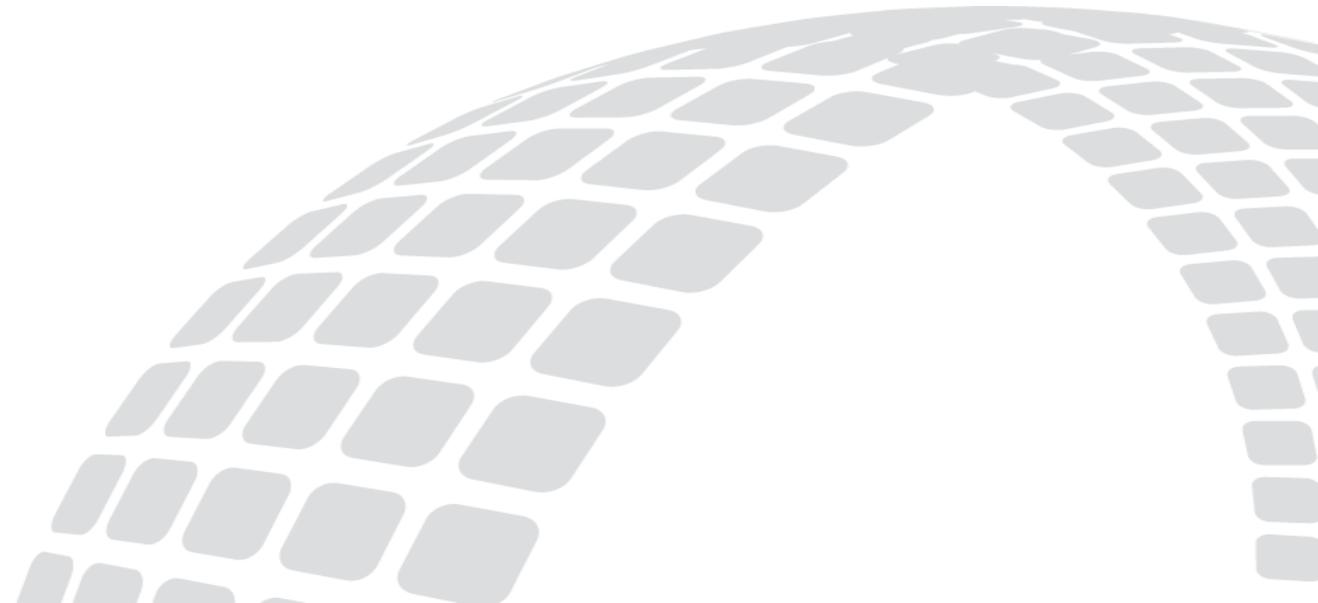




# **Insurance fraud**

**Insurance Slovenia  
Portoroz 7th June 2019**

**Per Norstrom, Larmtjänst AB  
and sponsor of Insurance  
Europe's Insurance Crime  
Platform**



# Insurance Europe

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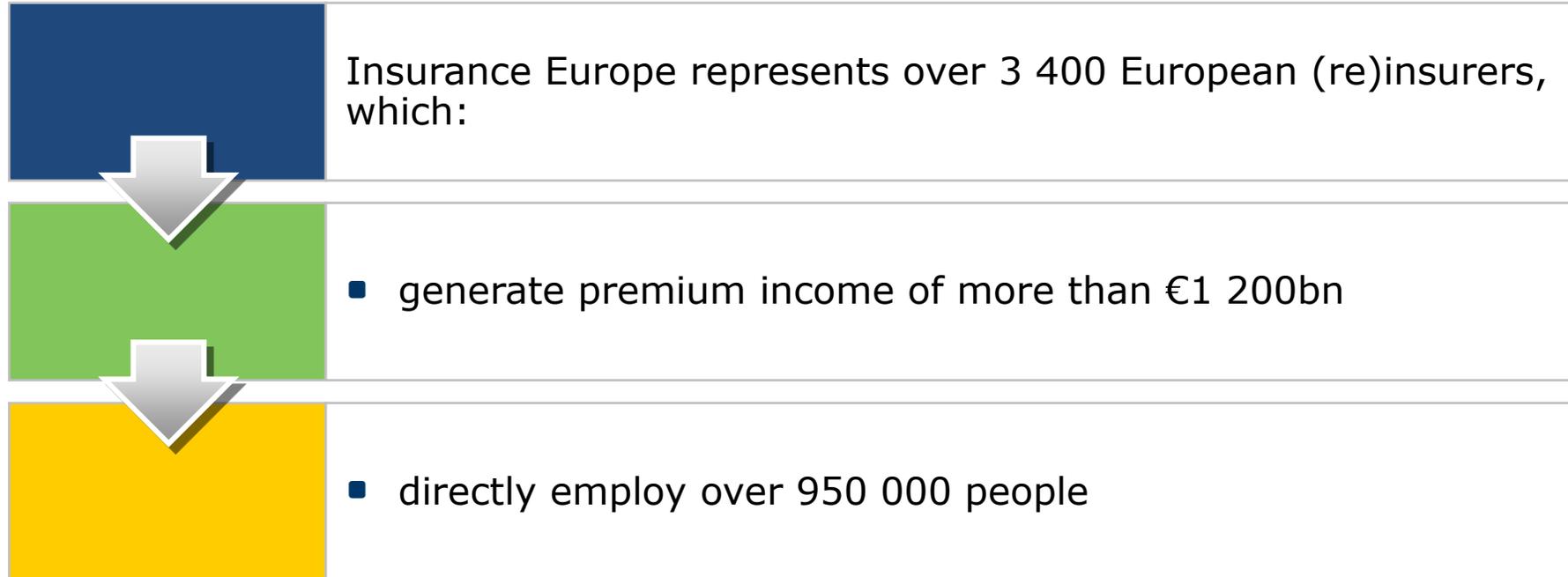
## Who?

- European insurance and reinsurance federation, founded in 1953

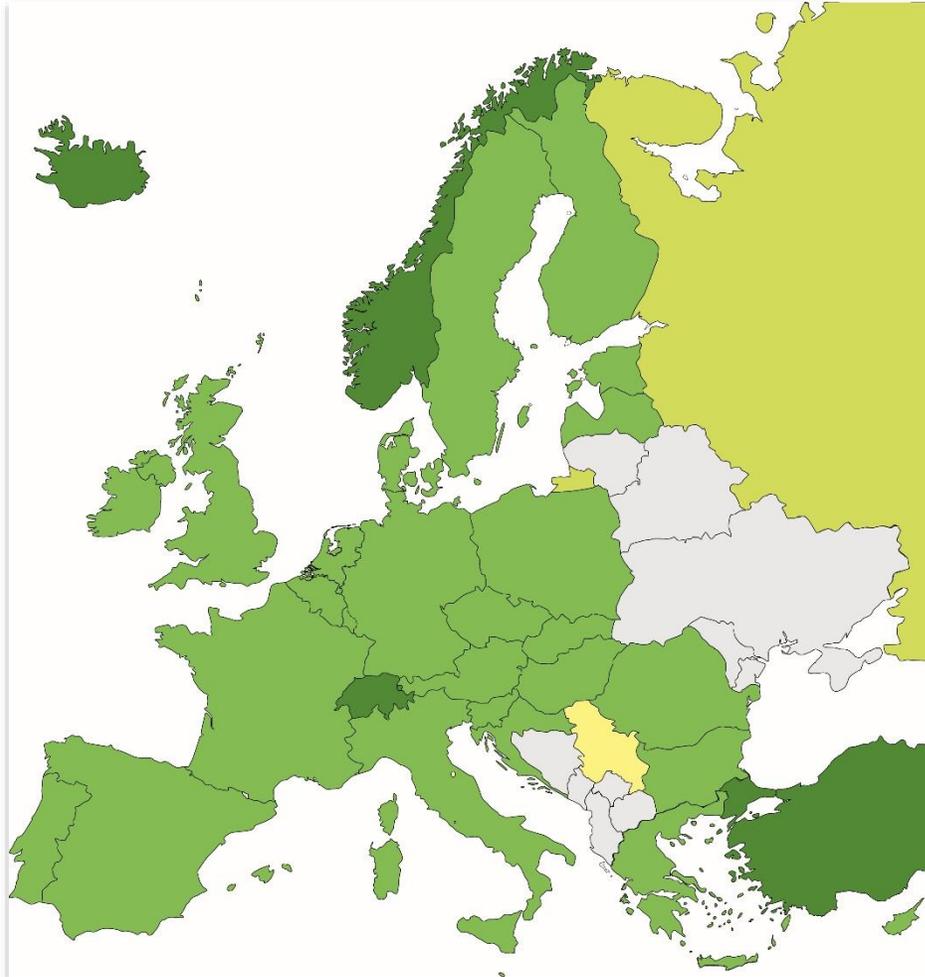
## What?

- Represents around 95% of European insurance market by premium income

# Contribution to the economy



# Members



## 34 national associations

**27 EU member states**

**5 non-EU markets**

*Switzerland, Iceland, Norway, Turkey, Liechtenstein*

**1 associate member**

**Serbia**

**1 partner**

*Russia*

# Estimated scale of fraud in Europe



## 1

### **Insurance fraud is easy to commit**

*Not true.* While many frauds are committed by opportunists, the more elaborate frauds require planning, knowledge and expertise. Insurers continue to strengthen their systems and controls against all types of frauds, as well as collaborate with other stakeholders.



# Myth

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2

## Insurers are “fair game”

*False.* Insurance fraud is a serious crime that can result in serious consequences for fraudsters who may find their future job prospects impacted, find it harder to obtain insurance, and even face the prospect of imprisonment.



# Myth

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## ③ Only fraudsters pay for insurance fraud

*Incorrect.* Insurers collect and administer their customers' premiums to spread risk across the population. As such, the bill of insurance fraud, i.e. the costs borne by insurers to prevent it, is picked up by honest customers.

A family pay 50 Euro extra due to the fraudsters



# Myth

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4

**The police won't act on insurance fraud.**

*Incorrect.* In the UK, a specialist police unit has been established to tackle insurance fraud. The Insurance Fraud Enforcement Department (IFED) is funded by the Association of British Insurers and Lloyd's of London and is committed to make the country a hostile environment for people who commit insurance fraud.

In many other countries, insurance fraud is not a priority



# Fraud examples

A Mrs. X called the emergency services to report that her husband, Mr. X, had drowned in the lake close to their summer house. The emergency services arrived and declared him dead by drowning and the case was closed.

The insurance company, however, suspected fraud due to the fact that Mrs. X had signed a life insurance for Mr. X half a year earlier worth 2 million Swedish Krona (ca. €210k). It took almost half a year before the insurance company managed to persuade police and prosecutors to investigate the case as a crime instead of a drowning accident.

Mrs. X was later convicted of insurance fraud.



# Fraud examples

- A cyclist claimed £135,000 compensation from a council for injuries he said he sustained when he fell off his cycle after hitting a pothole. However, evidence showed that the accident happened when he fell off on a slippery road at another location. He was jailed for three-and-a-half years.
- A four-and-a-half year police investigation into a huge crash for cash staged accident operation in South Wales, which netted the ringleaders £2 million, led to the convictions of 150 people.



# Anti fraud activities

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- Investigators
- Claim register
- Suspect register
- Sharing information (HUB)
- Analysts
- IT forensic
- Anti fraud seminars (IASIU)



# Investment in the fight against fraud

- Big data
- Automation
- Robots and AI
- Anti fraud system
- Databases
- Training
- Media
- Higher client satisfaction
- Consumer information



# Thank you

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