

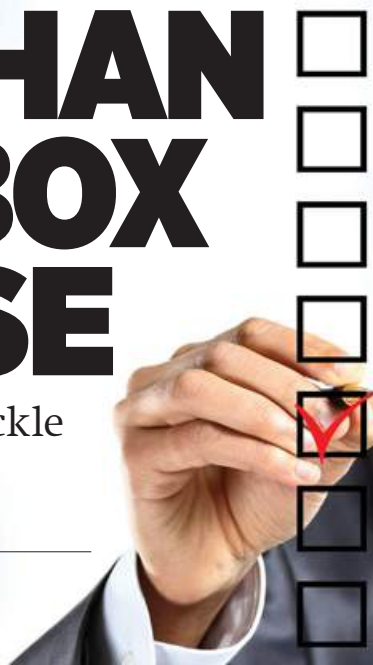
## In Series Liability and Collaboration

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# MORE THAN A TICK BOX EXERCISE

## Proper ID checks can help tackle liability fraud

By Sara Costantini



while treating honest customers fairly. And so the more insurers and solicitors know about their customer and claimant, the more they are protected from both financial and reputation risk.

Identity verification can represent a powerful control for the claims industry, but this tool is not always being implemented to best strategic effect. A premium service will provide a profile that includes previous addresses and identities, credit bureau data, and history of personal lines claims and insurer relationships. This wealth of information is invaluable and can assist in the identification of organised fraud rings.

Solicitors can equally extend the remit to include an anti-money laundering check where relevant. From an operational perspective, a premium service should be web-accessible, simple to integrate into back-office systems, and require no user training.

Both the insurance and legal sectors acknowledge the need to 'know your customer' and control risk when managing a claim or onboarding a new customer. Unfortunately, there are those operating in the claims market who still see ID verification as a box-ticking exercise. These organisations continue to opt for the sub-standard services available. By restricting their holistic view of the claimant or customer, they are more vulnerable to fraud.

Forward-thinking organisations in the claims industry are recognising the need to mirror the sophistication and maturity of their ever evolving fraud opponents. They apply comprehensive identity verification tools to weed out the liability fraudsters and fast-track the genuine claimants. They thus protect their bottom line and their reputation. And the fraudsters, who we know seek to exploit the weakest links, will target those competitors with sub-standard controls. ■



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**L**iability insurance fraud is a priority on the industry's counter-fraud agenda.

Recent figures from the Association of British Insurers show the number of liability insurance frauds detected grew by 75% to 19,800 in 2014, while their value increased to £330m, a 20% rise on 2013. Clear progress, but arguably this only represents the tip of the iceberg.

The cost of fraudulent employers' and public liability claims can be far higher than fraudulent personal lines claims. Some are highly organised with a large total value, some are opportunistic; all will involve the exaggeration of injuries or losses incurred as a result of a genuine or fictitious incident.

So, what is driving this increased risk? Fraudsters do not operate in silos and will move across sectors to exploit any perceived weaknesses in fraud controls.

The successful clampdown on personal lines fraud via insurer strategies, industry collaboration and government regulation has

seen fraudsters transfer their focus to EL and PL claims. At the same time, there has been a rise in claims management company activity seeking to encourage liability claims.

New regulation and fraud controls related to motor and whiplash claims are limiting CMC revenue streams. And insurers acknowledge that counter-fraud strategies and controls in the commercial claims environment are currently less developed than for personal lines.

Commercial claims data is held in many different places, making it more difficult to identify serial claimants and organised networks. The Claims and Underwriting Exchange and the Insurance Fraud Register are invaluable tools and the Insurance Fraud Bureau is looking at enhancing data collection and analysis to support identification of links in the liability arena.

The solutions that worked against personal lines fraud could be applied to EL and PL.

Having skilled claims handlers with rapid access to information helps prevent fraud

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