



Fighting Fraud
Strategy Document

Introduction



Claims fraud is a problem. It is a problem which impacts every single motorist on Irish roads. Although the vast majority of Irish motorists are law abiding, unfortunately they are all carrying the burden of paying for fraudulent motor claims activity.

That burden is quite substantial. Although fraud is an issue which receives a lot of general attention, it is difficult to comprehensively illustrate the full extent of the problems it presents and the impact that it is having on us all. Insurance Ireland's estimate that fraud adds approximately €50 to the cost of every Irish motor insurance policy is well established. However the problem goes beyond that. Every year we estimate that hundreds of injuries are sustained because of this type of activity and in some cases there can even be fatalities. What is certain is it makes Irish roads more dangerous.

The Motor Insurers' Bureau of Ireland (MIBI) is a not for profit company that was established to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles. We are a pro-victims' organisation.

As you would expect from our remit, every year we deal with thousands of claims related to uninsured vehicles. Given there are an estimated 151,000 vehicles without insurance on Irish roads this level of activity is not unanticipated.

We are also presented with an ongoing stream of potentially suspicious claims and claims fraud related activity. The making of false or exaggerated claims is not just an isolated problem we have to deal with, it is an issue that takes up a significant portion of the MIBI's activity and resources. It is also a problem that we believe is getting worse.

Unfortunately there is a growing level of claims fraud activity. In fact we now estimate that approximately 1 out of every 8 claims we handle are suspicious.

Some of these fraudulent claims are made in the belief that it is easier for the insurance providers to just settle the claim. The rationale being some insurance organisations will look at the cost of the claim, look at the cost of defending it and having considered the risks and sums, decide the most efficient route is to issue the payment to the claimant.

Such an approach is short sighted. It does not consider that a settlement culture only encourages further fraudulent activity.

The MIBI has a responsibility to fight against this practice. We are legally and morally obliged to safeguard the assets and resources that we are charged with administering.

That means we will continue to recognise and provide payments for legitimate claims, quickly and fairly. People who make a real and truthful claim will not have any problem with receiving the compensation they are due.

For claims that are not real, claims that are not backed by sufficient evidence, which are grossly exaggerated or simply fictitious — we adopt a zero tolerance approach. We are determined to weed out claims of this nature.

As we have set out in this document, we are committed to making it as difficult as possible for fraudulent claims to succeed.

Our commitments include ensuring all claims are comprehensively evaluated, while suspicious claims will be immediately flagged and thoroughly investigated using our internal resources as well as outside experts. We will defend ourselves against any claims fraud activity, including contesting these claims to the full extent of the law and asking the courts to judge their validity.

We will also work with An Garda Síochána and other state bodies to ensure anyone who partakes in insurance fraud will be prosecuted. It is worth noting that under the Civil Liability and Courts Act 2004, that if a plaintiff provides false or misleading evidence the court is empowered to dismiss the plaintiff's action (unless the court believes an injustice will be done). Furthermore, providing materially false and misleading evidence relating to claims is a crime which carries a penalty of up to 10 years in prison and/ or a fine of up to €100,000.

We believe our approach is already starting to pay dividends. It is our hope that by taking this stance we will see a reduction in the number of successful fraudulent claims and ultimately there will be fewer claims of this nature made in this country.

We have also mechanisms in place for tackling uninsured driving. Uninsured motorists are liable to repay the MIBI in full for compensation and costs paid by the MIBI to accident victims. The MIBI has a rigorous recovery programme in place and actively pursues those who have driven without motor insurance and cause an accident. This process may include marking judgment and the registering of judgment mortgages against the uninsured motorist. Motorists, therefore, should be aware of the consequences of driving without insurance.

Ultimately all these actions benefit everyone, helping to reduce insurance costs and making Irish roads safer.

David Fitzgerald – *Chief Executive*



About MIBI

The Motor Insurers' Bureau of Ireland (MIBI) is a non-profit-making organisation registered in Ireland. The company was established in 1955 by agreement between the Government and those companies underwriting motor insurance in Ireland. The first agreement was signed in 1955 with subsequent agreements in 1964, 1988, 2004 and 2009.

Our principal role is to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles. This is regulated under the terms of an agreement with the Minister for Transport. This agreement sets out the rights given to persons who sustain loss and/or injuries in a road traffic accident caused by an uninsured or untraced motorist.

We are also responsible for operating the Green Card System in Ireland. As the Green Card Bureau for Ireland, the MIBI ensures that persons who sustain loss and/or injuries in a road traffic accident caused by a vehicle registered outside the State are

not disadvantaged. The MIBI compensates such injured parties under the terms of the regulations signed with comparable organisations in the European Economic Area.

The MIBI operates the Motor Insurance Information Centre of Ireland (MIICI). MIICI assists victims who have sustained damage and/or injuries in an accident by providing information on the insurer, and where applicable the claims representative, of the alleged offending vehicle.

The MIBI was appointed as 4th EU Motor Insurance Directive Compensation Body. This organisation deals exclusively with claims made by EU citizens who have been involved in an accident which has occurred outside their country of residence.

All insurance companies underwriting motor insurance in Ireland must, by law, be members of the MIBI and contribute to funding for claims in proportion to their market share.

Fraud Defined

Most people would have a general understanding of what is meant by 'fraud'. For many the term 'fraud' can be used to describe an effort to obtain money, goods or services through dishonest means. "Wrongful or criminal deception intended to result in financial or personal gain" is the official definition as provided by the Oxford English Dictionary.

For the MIBI and other groups involved in investigating cases of suspected 'fraud', there are difficulties surrounding the use of that term. This is because when alleging 'fraud' the MIBI must prove their allegation with a high degree of probability, rather than the plaintiff having to prove on the balance of probabilities that the accident and injuries occurred as they contended.

Within the Irish legal system an allegation of fraud is a very difficult charge to prove. Therefore the MIBI and others tasked

with contesting suspicious claims stay away from openly using the term 'fraud' whilst still vigorously contesting the merits of these types of claims.

That is why the MIBI prefers to use the terminology 'claims fraud'. This occurs when material facts or evidence are deliberately misrepresented in support of a claim, or the underlying loss/injury/ damage is falsified or materially exaggerated, with the specific intention of obtaining financial benefit that the claimant knows he/ she is not entitled to. This can include money, goods or services. 'Claims fraud' can be described with words such as opportunistic, falsification, exaggeration, suppressed, misrepresentation, contrived, staged and induced.

The information and statistics provided in this document relate specifically to 'claims fraud'.



Types of Fraud

Every single claim the MIBI encounters is different. Each comes with its own specific variables – ranging from the person involved, the type of accident, the nature of the damage done or injury sustained, or to the type of vehicle used.

Some common examples of the type of suspicious claims made to the MIBI include:

Opportunistic Fraud – Gross Exaggeration

This occurs when a claimant makes complaints in their medical report which do not reflect the accident circumstances. For example, minimal impact incidents where long term injuries are claimed. The claim can also include excessive amounts for loss of earnings or loss of opportunity but the damage caused to the vehicle is minimal and in some cases, non-existent.

Claimants have to swear an affidavit verifying the claim submitted is true before the case can be heard in court. Gross exaggeration claims have been defeated in court when evidence undermines what has been claimed in proceedings.

Opportunistic Fraud – Causation (Aspects of incident appear suppressed or misrepresented)

This is where important aspects of the accident are deliberately suppressed or falsely presented.

The MIBI had a recent incident which fits this description. A single vehicle is alleged to have collided with a tree. The claimant was a passenger in the vehicle who claimed personal injury as a result of that accident. The night before the incident, the Gardaí had been called to a civil disturbance in a car park. The Gardaí noticed the same vehicle which was later involved in the accident was in that car park and, significantly, was already damaged. On hearing the evidence the case was dismissed by the courts.

Deliberate Falsification of the Accident

This arises when the claimant alleges an accident but the evidence does not support any accident having occurred.

Deliberately staged accident

An incident or loss has occurred, however this was caused intentionally with the express purpose of submitting a fraudulent claim. This can include two vehicles colliding by prior agreement or a vehicle being deliberately driven into a stationary object in order to facilitate multiple third party injury claims.

Deliberately induced accident

This type of fraud is particularly dangerous, and occurs when the claimants arrange an accident and involve an innocent member (or members) of the public. One scenario involves a taxi being ordered. The occupants give the taxi driver an address or directions. During the course of the journey, the taxi is struck by another vehicle, as had been pre-arranged by the passengers. The other car drives off or is found abandoned without insurance. The passengers submit claims for personal injury. The taxi driver has been the victim of a staged accident.

Claim Fraud “Tourism”

Alarmingly we are now starting to see examples of international claims’ fraudsters taking advantage of the relatively high level of personal injuries damages awarded here in Ireland. The MIBI had a recent case where four claimants flew in from the UK and were travelling as passengers in a rented vehicle. This vehicle was then allegedly involved in a crash caused by another, untraced vehicle. Initially the incident was reported as material damage only but upon returning to the UK the claimants sought damages relating to personal injuries. This was despite the absence of any medical assistance at the time of the incident. The investigators were able to establish clear discrepancies in the claim and when the MIBI outlined we would be mounting a full defence against the claim, all four claims were withdrawn.



The Impact

The problem of claims fraud across the insurance sector has been long established. Insurance Ireland estimate the total value of insurance claims fraud in Ireland at €200 million each year. Effectively that is a cost that is being borne by all law abiding policy holders. The various insurance providers are required to pass on claims related costs to their policy holders via their premiums each year.

Although that figure relates to all forms of insurance, it has been widely established that the motor insurance sector is particularly susceptible to claims fraud. In fact, it is believed

that approximately €50 on every motor insurance policy goes towards covering the cost of fraudulent claims on an annual basis.

Furthermore, the MIBI estimates that motor policy holders in Ireland also contribute approximately €30 on every policy towards the cost of claims made by the victims of uninsured and untraced drivers. When one combines the costs of claims fraud and uninsured driving it is clear that this a significant burden that is shouldered by the honest members of the motoring general public.

MIBI Figures

Every year the MIBI receives thousands of claims relating to uninsured and untraced vehicles. In 2016 the total number of claims received was 2,922. Obviously not all those claims lead to eventual payments, but a substantial number do.

To fund the claims that are covered, the MIBI makes estimated annual payments in the region of €55 - €60 million. The individual claims usually involve significant sums. For example, taking a look at our claims costs over the past five years, the average cost per uninsured claim comes to €54,364.

The MIBI is a pro-victims' organisation and we endeavour to process payments for valid claims as efficiently as possible. Unfortunately however, we are also subjected to a range of claims which can't be substantiated. The simple fact is that each year hundreds of claims are submitted to the MIBI where the evidence does not support the case being made.

Having undertaken a comprehensive analysis of the claims made to the MIBI over 2016 and 2017, we estimate that approximately 1 out of every 8 claims we receive can now be described as suspicious and fitting the 'claims fraud' profile.

That is a substantial figure and it highlights the stakes involved.

Thankfully most of the fraudulent claims are unsuccessful. In fact the MIBI has already seen a significant impact since we began implementing the full range of commitments outlined in this document.

These MIBI commitments have been introduced on a phased basis with a view to taking a more robust approach to tackling all claims fraud. Since the beginning of this calendar year we have also begun a process for centrally tracking and reporting on these suspicious cases, building on the good work already taking place in our claims handling offices.

During the first six months of 2017, the MIBI have generated claims fraud savings in excess of €1.8 million. Over the same period a further 158 new cases have been flagged as suspicious and are being thoroughly investigated.

It should be noted that not all suspicious claims are fraudulent and once the MIBI is satisfied with the veracity of claims they will be processed in the normal manner, with compensation paid to victims as quickly as possible.

MIBI Commitment

The MIBI is dedicated to tackling claims fraud. We have undertaken a number of steps to effectively prevent these false claims from succeeding and to ensure those behind them are brought to justice. The following are the specific commitments the MIBI is making to tackle the problem of claims fraud in the Irish motor insurance sector.

COMPREHENSIVE EVALUATION

Every single claim we receive is comprehensively evaluated. Deficits in information, unsupported assertions or inconsistencies are immediately flagged.

INVESTIGATIVE RESOURCES

Any claim which is flagged is thoroughly investigated. This involves using the MIBI's internal investigative resources as well as using specialist investigators and scientific analysis to provide additional expertise in clarifying any discrepancies around the claim.

WORKING HAND IN HAND WITH THE GARDAÍ

The MIBI liaises closely with law enforcement and An Garda Síochána to ensure all the relevant information is brought to light. As well as seeking any details the Gardaí may have collected, the MIBI also provides the Gardaí with any notable information we have established during the course of our own investigation into the parties involved in the claim, or about the incident itself.

DEFENDED IN COURT

Where we feel the evidence does not support the claim being made, the MIBI is committed to legally contesting these claims. This includes taking these claims through the full rigours of the legal system and when necessary, asking the courts to reach a judgment on their validity.

PROSECUTION

In circumstances where the MIBI believes a malicious claim without merit has been filed, we are committed to contacting An Garda Síochána, asking them to further investigate the case in question and where sufficient evidence exists, to begin criminal proceedings against the individuals involved. Providing materially false and misleading evidence relating to claims is a crime which carries a penalty of up to 10 years in prison and/ or a fine of up to €100,000.

M.T.P.L. PROJECT.

This project, which is being developed by Insurance Ireland and the MIBI in co-operation with An Garda Síochána, the Department of Transport, the Department of Justice and the wider insurance industry, will provide the Gardaí and other officers of the State with more information about uninsured vehicles on Irish roads. When the system is fully developed it will support automatic number plate recognition, further enhancing An Garda Síochána's ability to stop and confiscate uninsured vehicles at the side of the road.

INTERACTION WITH GOVERNMENT

The MIBI is committed to playing our part in reducing motor claims fraud in any way we can. We will continue to work closely with the Government and relevant state agencies such as the Road Safety Authority to provide specific information about cases of note, as well as highlighting broader problems or trends surrounding suspicious and fraudulent activity in the sector.

MIBI

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