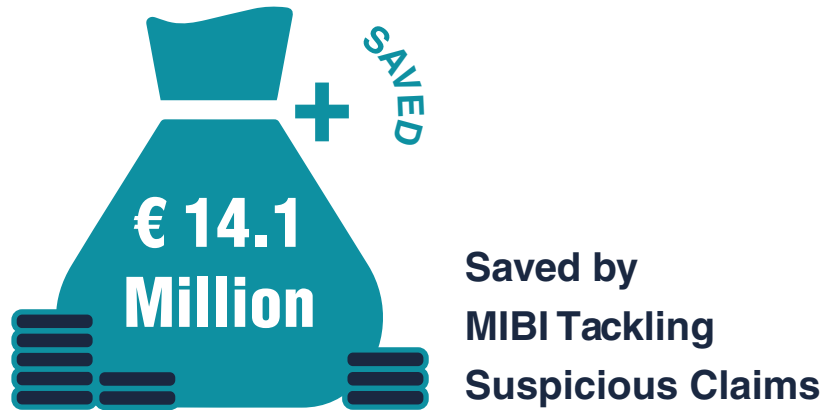




FIGHTING FRAUD
Strategy Document

FIGHTING FRAUD IN NUMBERS



**70
Garda
Investigations**

Since the beginning of 2020, the MIBI has assisted the Gardaí with a range of investigations - leading to multiple prosecutions and convictions.

INTRODUCTION



When the MIBI first launched our Fighting Fraud strategy in 2017, we warned that claims' fraud was a problem. It remains a problem today - a problem that continues to affect every single motorist on Irish roads.

However, it is also a problem we have been making successful inroads on thanks to the impact made by this strategy. Through our commitment to thoroughly investigating, and where appropriate contesting suspicious claims, the MIBI has seen significant results.

In the first four years this strategy was implemented, we have successfully been able to save a total in excess of €14.1 million by tackling suspicious claims. We expect to see that number continue to grow for quite some time to come based on our ongoing pipeline of claims' investigations.

Thanks to our activity in this area, a total of more than 350 claims, arising from 209 separate incidents, have either been discontinued, withdrawn or dismissed. These figures highlight why this strategy has been effective and why we strongly believe that the approach we are taking is working.

The benefits of our approach don't stop there. This activity has also seen the MIBI further our ties with An Garda Síochána and we have been delighted to work hand in hand with them across a range of different claims and cases, some of which have received extensive media coverage.

Since the beginning of January 2020, the MIBI has assisted the Gardaí with more than 70 different investigations. A number of these have led to prosecutions and convictions, some of which are still before the courts. We are committed to continuing to foster this strong level of co-operation and we also thank the various members of An Garda Síochána who have assisted the MIBI in our efforts to contest suspicious claims.

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. The recent Criminal Justice (Perjury and Related Offences) Act 2021 reinforces the need to be truthful when making claims as deliberately exaggerating or falsifying injuries in legal statements is now a criminal offence.

Another key figure is the more than 10,000 hours the MIBI has put into investigating suspicious claims. As the figures above highlight, this is time that is being well spent and it shows that when we see a claim that does not add up, we will put the groundwork in to get to the bottom of what really happened.

These numbers show the impact that our Fighting Fraud strategy is having directly for the MIBI and our members. But the claims' fraud we are discussing also impacts all motorists using Irish roads.

Insurance Ireland estimates that fraud adds approximately €50 to the cost of every Irish motor insurance policy. However the effects go well beyond that. Every year we estimate that hundreds of injuries are sustained because of fraudulent activity and in some cases there can even be fatalities. What is certain is it makes Irish roads more dangerous.

The new Insurance Fraud Coordination Office (IFCO) at An Garda Síochána also underlines the issue of insurance fraud as it affects both commercial entities and civil society. The Cost of Insurance Working Group report identified six main themes in relation to reducing the cost of insurance. One of these related to reducing insurance fraud and uninsured driving as it was felt that this contributed to higher claims' costs in Ireland.

The Motor Insurers' Bureau of Ireland (MIBI) is a not for profit organisation that was established to compensate victims of road traffic accidents caused by uninsured and unidentified (hit and run) vehicles. We are a pro-victims' organisation as we look after people who have suffered injury or losses due to uninsured driving.

Unfortunately we continue to estimate that approximately 1 out of every 8 claims we handle are suspicious.

Some of these claims are made in the belief that it is easier for the MIBI 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, may 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. It also does not account for the positive impact the MIBI has seen since we started challenging suspicious claims.

The MIBI has a responsibility to fight against claims that do not stack up. We are legally and morally obliged to safeguard the assets and resources that we are charged with administering.

So, 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.

But when it comes to claims that are not backed by sufficient evidence, which are grossly exaggerated or simply fictitious — our zero tolerance approach will continue. We are determined to weed out claims of this nature and as this document highlights, we are staunchly committed to making it as difficult as possible for fraudulent claims to succeed.

Of course claims' fraud isn't the only illegal activity the MIBI encounters on a regular basis. As you would expect from our remit, every year we deal with hundreds and hundreds of claims related to uninsured vehicles. It is completely illegal to drive on Irish roads without insurance. Yet our own analysis has shown there were approximately 174,000 private vehicles without insurance on our roads in 2021.

To help address this problem the MIBI is working with An Garda Síochána to implement the Automatic Number Plate Recognition (ANPR) and Motor Third Party Liability (MTPL) project. This will significantly enhance the ability to identify uninsured vehicles on our roads and will enable the Gardaí to take more enforcement actions against offenders.

All of this action is ultimately being taken to 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 the then Government and those companies underwriting motor insurance in Ireland.

The first MIBI Agreement was signed in 1955 with the most recent Agreement signed in 2009 between the Minister for Transport and MIBI.

WHAT WE DO:

Our principal role is to compensate victims of road traffic accidents caused by uninsured and unidentified vehicles which is regulated by the MIBI Agreement 2009. This Agreement sets out the rights given to persons who sustain damage and/or injuries in a road traffic accident caused by an uninsured vehicle or unidentified vehicle.

We also act as Green Card Bureau in Ireland which ensures persons who sustain damage and/or injuries in a road traffic accident caused by a vehicle registered outside the State are not disadvantaged. The Council of Bureaux Internal Regulations governs the investigation and settlement of such claims.

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

As Compensation Body, which is provided for under EU Motor Insurance Directive 2000/26/EC, MIBI can assist in claims made by Irish residents involved in a road traffic accident which has occurred in another EU Member State.

HOW ARE WE FUNDED?

All companies underwriting motor insurance in Ireland must be members of MIBI, as provided for under Section 78 of the Road Traffic Act 1961 and fund MIBI by means of payment of an annual levy contribution.

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 beyond reasonable doubt (criminal level of proof), whereas the plaintiff only has to prove their case on the balance of probabilities (civil level of proof) 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 in civil courts.

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.

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 attributes – ranging from the person involved, the type of accident, the nature of the damage 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 alleges injuries 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 and 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 incident 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. 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 (staged) by the passengers. The other car drives off or is found abandoned without insurance. The passengers submit claims for personal injury. In this case the taxi driver was an innocent victim of a staged accident.

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. For example this might involve deliberately breaking for no reason in front of a correctly proceeding vehicle thereby inducing a collision. Vehicles have also been known to wait for vehicles reversing from a parking space and move their car into position to draw a collision.

CLAIM FRAUD “TOURISM”

We have seen examples of international claims’ fraudsters taking advantage of the relatively high level of personal injuries damages awarded here in Ireland. We hope this trend will begin to abate following on from the introduction of the new personal injuries guidelines in 2021 which sees reductions in the compensation levels for some types of injuries.



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 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 - €35** 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. To fund the claims that are covered, the MIBI makes estimated annual payments in the region of **€70 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 are potentially fraudulent or unsubstantiated.

The simple fact is that each year a significant number 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 recent years, 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 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. We maintain a process for centrally tracking and reporting on these suspicious cases, building on the good work already taking place in our claims' handling offices.

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.



OUR STRATEGY IN ACTION

Since we introduced this strategy, the MIBI has successfully saved more than €14 million. We have seen 350+ claims either discontinued, withdrawn or dismissed. We've put more than 10,000 hours into investigating suspicious claims. Since the beginning of 2020, we've also been assisting the Gardaí with 70 different investigations.

Here are some examples of the impact of that work.

OPPORTUNISTIC – CAUSATION

The claimant was a passenger in a taxi that was hit by another vehicle. The Gardaí noticed the claimant in the back of taxi trying to make himself get sick and, in their opinion, pretending to be injured before the ambulance arrived.

The claimant was also well known to the Gardaí, while a simple review of his background revealed extensive media coverage was available detailing some of his interactions with law enforcement.

On the basis of our research and investigations, the MIBI decided to fully contest the claim. The claimant's solicitor sought settlement talks which we refused to entertain. The claim did not proceed and any potential liability facing the MIBI was avoided.

DELIBERATELY STAGED ACCIDENT

Three claimants alleged to have been passengers injured in a vehicle where the driver's foot got caught in the accelerator pedal, causing them to collide with the car ahead.

Gardaí expressed concerns over the version of events supplied to them.

Our investigations' activity involved testing the validity of the claims being made and also seeking to interview the respective claimants in greater detail. This activity involved detailed conversations with the plaintiffs' solicitor. On the back of those conversations the plaintiffs' solicitor dropped the case.



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 help 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 that arise around the claim.

WORKING HAND IN HAND WITH THE GARDAÍ

The MIBI liaise closely with An Garda Síochána to ensure all relevant information is identified during the claims' investigation.

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 subjecting these claims to the full rigours of the legal system and where necessary, asking the courts to reach a judgement on their validity. We will utilize the Criminal Justice (Perjury and Related Offences) Act 2021 and report matters to An Garda Síochána as appropriate.

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. Where sufficient evidence exists, the MIBI will assist Gardaí in taking criminal proceedings. 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 the MIBI in co-operation with An Garda Síochána, The Department of Transport, the Department of Justice, Insurance Ireland 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 implemented 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.

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