

26 April 2011

BBC Watchdog - Statement from Insurance Fraud Bureau

Background to Insurance Fraud Bureau (IFB)

The Insurance Fraud Bureau (IFB) launched on July 26th 2006 to provide a tactical solution for the detection and prevention of organised, cross industry fraud, supporting the wider Association of British Insurers' (ABI) industry counter-fraud strategy.

Funded by the insurance industry, the IFB leads or co-ordinates the industry response to the identification of criminal fraud networks, working closely with insurers, the Police and other law enforcement agencies and regulators. Harnessing the value of circa 128 million consolidated industry insurance policy and claims records, aligned to sophisticated analytical software, the IFB has assisted the industry achieve unprecedented success in terms of prosecutions and sanctions against those concerned with organised insurance fraud.

Scale of insurance fraud:

- Undetected general insurance claims fraud is estimated to total £1.9billion, adding on average £44 to every honest policyholder's premium each year, according to the ABI.
- The value of detected motor insurance fraud in 2009 was £410 million, according to the ABI.
- The IFB estimates the insurance industry's exposure to fraudulent organised motor insurance claims per year is circa £350 million.
- The cost to an insurer of a single 'Crash for Cash' (staged or induced motor accident) fraudulent claim can total up to £30,000.

What is the industry doing to tackle insurance fraud?:

- Insurance fraud is a societal problem and reducing the extent of fraud requires action that extends further than insurers putting in place measures to counter fraud.

- The insurance industry is committed to protecting genuine customers from the impact of insurance fraud, investing approximately £200M+ collectively per annum to tackle insurance fraud.
- The IFB's on-going collaboration with police forces across the UK since 2006 to identify and deal with organised fraudulent activity, coupled with the active support of its insurer partners and regulators, has continued to deliver considerable results. Combined Police/IFB fraud operations to date have resulted in 485 arrests, 105 convictions for concluded trials, sentences totalling over 78 years' imprisonment and seizure of assets from criminals. The IFB is currently involved in 24 live operations with 14 different Police forces, focused on organised insurance fraud valued at approximately £46 million, and not limited to fraudulent claims.
- **IFB Cheatline 0800 328 2550 www.insurancefraudbureau.org/report/**

The IFB provides opportunity for the public to help identify any type of potentially fraudulent insurance activity. The IFB has been responsible for managing the industry fraud "Cheatline" since 2006 – a confidential freephone for the public to report suspicions or knowledge of insurance fraud.

Information received by the IFB through Cheatline is researched and then shared with its insurer partners for their action.

The IFB Cheatline has received over five and a half thousand reports of alleged fraud over the last three years alone. The IFB Cheatline has received record numbers of reports of fraud month on month since July 2010.

Professional Enablers – IFB disruption activity:

More than 57 individuals from professional enablers have been arrested as a result of IFB operations in collaboration with Police forces across the country. Further live operations involving this audience will culminate during 2011.

- Example joint Police/IFB operations involving Professional Enablers:
 - **Operation Triassic** (City of London Police) - individuals from legal and medical professions have been arrested and charged on suspicion of being involved in a £multi- million fraud against the insurance industry.
 - **Operation Contact** (Greater Manchester Police) – two brothers who masterminded the country’s biggest ever crash for cash scam, organising fraudulent insurance claims following collisions deliberately caused by other members of an organised crime group. Exposure to insurers of millions of pounds. Sentencing anticipated May 2011.

IFB reaction to Operation Exhort conclusion:

Operation Exhort demonstrates the effectiveness of the insurance industry and Police working collaboratively to disrupt fraudsters and, protect innocent motorists and genuine policyholders. Additionally, it reinforces the intolerance of the insurance industry towards fraud

The insurance industry acknowledges and thanks Bedfordshire Police for their work on this operation. Furthermore, the support and efforts of employees within individual insurers and their representatives should be recognised, without which the end result would not have been possible. It was very much a collaborative team effort that contributed to the success of this operation.

The insurance industry will continue to find, pursue and expose criminals involved in organised insurance fraud. The message is loud and clear - seek to defraud an insurer and you risk serious repercussions, to include prosecution and seizure of assets.

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