

# **FIGHTING INSURANCE CRIME: A JOINT INITIATIVE**

## **SOUTH AFRICAN INSURANCE CRIME BUREAU (SAICB)**

30 OCTOBER 2008

HUGO VAN ZYL

HEAD OF OPERATIONS

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB – WHY?

This initiative will:

- Leverage existing shared data to detect organised insurance fraud/crime
- Leverage new claims and underwriting data to detect organised insurance fraud/crime
- Develop an investigative approach to manage fraud/crime events impacting multiple insurers
- Develop an analytical approach to mine data effectively to detect organised fraud/crime
- Provide a platform to improve the governance over the management of shared insurance data, driving short and long term cost savings
- Demonstrate the industry's commitment to play a pro-active roll in the detection, prevention and the eradication of fraud and crime
- Be a single, authoritative voice on insurance fraud and crime related issues
- Increase public awareness on all aspects of insurance fraud and crime

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SOLUTION - SAICB

- **ICB will not replace companies' investigative units**
  - More than 1 company
  - Serial offenders
  - Organised crime
- **ICB services to members:**
  - Alerts for member companies on patterns within the companies
  - Identify patterns involving more than one company
  - Identify and communicate modus operandi
  - Talk with authorities, facilitate investigations and prosecutions
  - Create public awareness regarding insurance fraud and crime
  - Manage Fraudline
  - Hiring out of investigators to members who need these services

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB - MEMEX

- Valuable scoping sessions
- Senior forensic staff involved
- Forms and formats for data mining completed
- Investigative documentation completed
- Ironing out processes
- Analyst from Memex working on site
- Training of SAICB staff
- Involvement of stakeholders crucial to have a successful working solution
- Analysis of data to begin 1 November 2008

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB - OPERATION

- Memex will provide information
- Members will be able to provide information to add to Memex for mining and profiling
- Alerts, patterns, modus operandi will be provided to Special Points of Contact at member companies
- Initial investigation by SAICB where organised activities are suspected
- Senior forensic staff from member companies will be seconded to SAICB to assist with investigations

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB - OPERATION

- It is crucial that SAPS and the NPA be involved with the investigations from the start, and these relationships will be established ASAP
- Other policing agencies and key role players will be involved, when necessary
- SAICB will manage and coordinate investigative projects involving organised criminal activities or the involvement of more than one member company
- A Steering Committee will oversee all the investigations

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB – PARTNERSHIPS

- It will be vital to form partnerships with the following key role players, and the SAICB has already begun the process:
  - SAPS on all levels
  - NPA
  - BAC
  - INTERPOL
  - NIA
  - National Anti Corruption Forum
  - SARS
  - National and Provincial Vehicle Crime Forums

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB - PARTNERSHIPS

- 
- Customs and Excise
  - SAIA
  - Metro and other Police Departments
  - Other Government Departments
  - BUSA
  - Other policing agencies
  - Financial Services Industry( Banks, Medical, Life, etc)

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB – INFORMATION PARTNERS

- The members through Transunion
- Potential future partners:
  - UNICODE
  - HPI
  - E-NATIS
  - SABRIC(BANKS)
  - Medical scheme associates
  - Life insurers
  - Other financial institutions

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB STRATEGIC WORKSHOP

- Held on the 22 July
- Attended by full board
- Will stay section 21 not for profit company for the first year
- Key role players identified
- Successes to be celebrated
- Database and knowledge management discussed and finalised
- Pro active strategic role discussed
- Governance model defined
- Data privacy framework
- Memorandum of Understanding

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB INFORMATION SHARING

- MOU drafted between members and SAICB to facilitate sharing of existing data and future data
- MOU signed to use information only for fraud and crime purposes
- Privacy and consumers rights taken into consideration
- Legal opinion requested on the sharing of Information
- Contract signed between the SAICB and MEMEX
- Contracts signed between Transunion and the member companies

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB: FUTURE MEMBER AND STAKEHOLDER IDENTIFICATION

- Other short term Insurance Companies
- Urgent talks to be held with the following industries of whom some already showed interest:
  - SABRIC(Banks)
  - Life Insurance
  - Medical Schemes associates
  - Motor Industry
  - Vehicle Rental Industry
- Will lead to a unified data/information sharing initiative against crime in South Africa

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB: FRAUDLINE

- The Insurance Fraudline are currently administered by Deloitte
- Information is forwarded to SAICB which is distributed to the members
- This role taken over by SAICB, formerly handled by SAIA
- Stay with Deloitte
- Web: [Insurance@fraudline.co.za](mailto:Insurance@fraudline.co.za)
- Contact detail: 0860 002526
- 500 calls per month
- Average of  $\pm 15$  reports for short-term industry per month

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB FUNDING

- Budget:
  - + R7m
- Presented to potential members during road show with suggested funding models
- Funding model decided on at first meeting:
  - R350 000 flat rate plus additional amount according to premium income

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB BENEFITS

- Organised vs opportunistic fraud
- Groups, across companies
- Current approach fragmented
- Authorities

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB BENEFITS

- For individual companies:
  - Early access – risk management
  - Suspect lists – proactively managing future claims and underwriting risks
  - Early warning re individual claims
  - Warning re individual company patterns
  - Potential for recovery
  - Overall reduction in investigation and claims management costs – reduction in duplicate activity
  - Disruption of organised fraud – improved financial performances
  - Knock-on effect on other insurance crime – improved financial performances
  - Protect against positive selection by criminal fraternity
  - Potential for improved prosecution

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB BENEFITS

- For insurance industry (short-term) as a whole:
  - At least R2 billion could be saved
  - Manage industry risk – currently undetected and unmanaged
  - Detect and manage risks that impact all companies – can't be identified when individual companies look at data
  - Industry joins in the fight against crime
  - Authorities
  - Improve image and reputation

SOUTH AFRICAN INSURANCE CRIME BUREAU

# SAICB BENEFITS

- For insurance industry (short-term) clients and the public at large:
  - Insurance fraud/crime will be addressed and potentially minimised.
  - The savings on claims previously paid out on fraud will possibly bring premiums down or stabilize it
  - Demonstrate that there is a united and committed stand against crime
  - Improve image and reputation

SOUTH AFRICAN INSURANCE CRIME BUREAU

**SAICB**



**QUESTIONS**

SOUTH AFRICAN INSURANCE CRIME BUREAU



**THANK YOU**

SOUTH AFRICAN INSURANCE CRIME BUREAU