

**JANUARY 2010**

**SOUTH AFRICAN INSURANCE CRIME BUREAU**

**ISSUE 1 : 2010**

**INFORMATION UP-  
DATE**

**Dräger**

Records: 424  
Number of lists: 6  
Hits: 181

**SAPS13**

Records: 14  
Number of lists: 2  
Hits: 3

**Tracker**

Records: 191  
Number of lists: 8  
Hits: 6

**Enquiries**

Enquiries: 56  
Replies: 140

**Approx. R4,901 mil-  
lion saved by indus-  
try to date.**

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## SAICB UPDATE

2009 ended on a high note for the SAICB, with the first arrests in one of our cases taking place in late December. Details of these arrests and updated information on all the cases will be included in February 2010 Newsletter.

2010 began with a bang with 3 new cases being taken up by the SAICB for investigation in January alone, valued at over R11 million. The current cases are going well, with two cases being prepared for prosecution and the others in the information gathering phase. It looks to be a busy year for the SAICB, and regular updates will appear in future issues.

The Dräger and Tracker lists and Fraudline reports have also been of immense value to our member companies with an estimated R4,9 million being saved by the industry to date. Fraud prevention will be one of our priorities for 2010 and these lists are a key component in achieving this. There are currently three Dräger centers in Gauteng with more being planned nationally, and the SAICB is in discussion with several tracking companies to increase the information received.

The staff dishonesty database is also being finalized with the final input from the Human Resources departments of the member companies being incorporated into the template and implementation strategy of this initiative.

The Fraudline initiative with a new image will also be launched this year under the SAICB banner with information sessions being arranged for the relevant personnel at the member companies. The aim of this re-launch is to reiterate the importance of the Fraudline in the fight against fraud and crime in the industry as well as to introduce the SAICB to those staff members who will be dealing with these issues within the member companies, and how we can help them with this difficult task. The new image will be integrated into the current fraud prevention strategy and image of the member companies.

The SAICB will concentrate on our relationship and partnership building in 2010, with particular emphasis on information acquisitions and assimilation. The better quality and volume of

## FRAUDLINE

In November 2009, **137** reports were received of which 7 reports were for the short term insurance industry and 2 report for the life industry.

In December 2009, **127** reports were received of which 10 reports were for the short term insurance industry and 2 report for the life industry

Since 2002, **25755** reports have been received of which **791** reports were for the short term industry **124** reports for the brokers and **322** reports were for the life industry.

For the full report with all the statistics, please contact Melanie Pillay on [melaniep@saicb.co.za](mailto:melaniep@saicb.co.za)

information we have the more effective we can be in the fight against fraud and crime.

The SAICB is ready and excited to face a very productive and challenging 2010 !!!!



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SOUTH AFRICAN INSURANCE CRIME BUREAU

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## IDENTITY THEFT

### MEMBERS

SANTAM  
 MUTUAL & FEDERAL  
 HOLLARD  
 ZURICH  
 LION OF AFRICA  
 REGENT  
 TELESURE  
 ABSA INSURANCE  
 STANDARD BANK  
 INSURANCE  
 SIAS  
 MIWAY

### PARTNERS

SOUTH AFRICAN  
 INSURANCE  
 ASSOCIATION (SAIA)  
 TRANSUNION  
 FRAUDLINE  
 MEMEX  
 SAFPS  
 UNICODE  
 BACSA  
 CSFS  
 DATADOT  
 CGC

### IDENTITY THEFT

Identity theft, also known as ID theft is a crime in which a criminal obtains key pieces of personal information, such as your identity document/number or driver's license number, in order to pose as you. The information can be used to obtain credit, merchandise, insurance and services using the victims' name. Identity theft can also provide a thief with false credentials for immigration or other applications. One of the biggest problems with identity theft is that very often the crimes committed by the identity theft expert are often attributed to the victim.

There are two main types of identity theft – account takeover and true name theft. Account takeover identity theft refers to the type of situation where an imposter uses the stolen personal information to gain access to the person's existing accounts. Often the identity thief will use the stolen identity to acquire even more credit products by changing your address so that you never see the credit card bills that the thief runs up.

True name identity theft means that the thief uses personal information to open new accounts. The thief might open a new credit card account, establish cellular phone service, or open a new checking account in order to obtain blank checks. The Internet has made it easier for an identity thief to use the information they've stolen because transactions can be made without any real verification of someone's identity. All a thief really needs today is a series of correct numbers to complete the crime.

Some types of identity thieves hack into databases to steal personal information. However this type of thievery is much rarer than the use of old fashioned methods such as scouring the garbage for old receipts or looking over someone's shoulder while they are doing a financial transaction. You should also be wary of such criminals at the places where filling out a long application that could provide a thief with enough information to impersonate you.

The best way to prevent identity theft is to protect your identification and financial information from prying eyes. Don't keep all of your identification and financial information in one place and never write down your PIN (personal identification numbers) anywhere. The same thing goes for Internet passwords and member ID information, especially if the password and ID leads a person to a financial site.

When dealing with payment on the Internet you should never do business with a site unless it has "secure socket layer" protection. The letters in your URL in your browser window that be-

gin <https://> indicates this. Web sites that do not have this protection are called <http://>

You should also never respond to emails or snail mail that requests personal information such as passwords or PIN numbers. You should also avoid requests for your identity number or employee identification number as bogus credit cards and access to your personal information can also be obtained through those numbers. Other information you should avoid giving out is your mother's maiden name, your pet's name or any other details that could be used as part of a security verification question on your account.

You should know where your credit cards, bank statements

## CONTACT

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 Melanie Pillay on  
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## IDENTITY THEFT ARTICLE CONT....

and other important documents are at all times and keep them either with you or under lock and key. The same thing goes for your birth certificate and identity document.

Another security measure would be to put your mailbox under lock and key. This prevents thieves from rummaging through it and stealing documents such as pre-approved credit card offers which can make it very easy to steal your identification from you.

To prevent identity theft you should never carry your wallet in your back pocket if you are a man and if you are a woman you should always remember to zip your purse up tight as a wallet that is exposed is a temptation for identity thieves. 🖱

<http://www.identitytheftcreditfraud.com/>

## ARTICLE—UK IFB

### UK INSURERS TURN THE TIDE ON CASH-FOR-CRASH INSURANCE FRAUD

UK insurers are starting to turn the tide on crash-for-cash insurance fraudsters. According to the ABI (Association of British Insurers) general insurance fraud is now estimated to be costing the UK £5.2 million every day. The ABI suggests that the cost of undetected fraudulent general insurance claims is now £1.9 billion a year, which is up 24% from £1.6 billion two years ago. The good news is that insurers are detecting more fraud with claims worth £730 million detected in 2008, an increase of 30% on 2007.

Organised cash-for-crash scams are one of the biggest concerns for UK motor insurers. This type of fraud tends to be extremely complex and very well-planned with claims being made systematically against a number of different insurance companies, which sometimes makes the fraud difficult for individual insurers to identify.

Currently, the most common crash-for-cash scams include staged and induced motor accidents. Staged accidents usually involve two or more fraudsters who take out insurance policies then deliberately crash their vehicles into each other and submit claims to the insurers for replacement vehicles and injuries such as whiplash. Multiple occupancy is usually key to this scam, as the more passengers there are in each vehicle the higher the potential injury claim value. Staged accidents involving mini buses with between 15 and 17 passengers are becoming more and more common. The vehicles used in these scams are usually of low value, were recently insured and were more than likely bought specifically to stage the accident.

An induced accident or 'slam-on' occurs when an innocent motorist is 'induced' to drive into the back of the fraudster's vehicle by the fraudster slamming on his brakes for no apparent reason while driving in front of the innocent driver. These accidents usually occur at traffic lights, junctions or at traffic circles and in many cases the brake lights of the fraudster's vehicle have been disconnected, making it very difficult for the innocent driver to realise that the vehicle in front is stopping and to stop in time. Claims are then made against innocent motorist's insurer.

Recent successes prove that UK insurers are making inroads against this type of fraud. The arrest and conviction of a serial cash-for-crash fraudster is confirmation of this. The ring leader of a gang that staged up to 92 accidents worth £1.6 million was recently sentenced to four-and-a-half years in prison. He was the main driver in a scam that involved 24 other men who either staged or induced their own motor accidents or were passengers in these vehicles and submitted fictitious damage or injury claims over a period of three years. Although the gang were linked to 92 accidents so far it is thought that they have staged or induced up to 500 accidents.

## ARTICLE—UK IFB CONT....

Successes like these would not be possible were it not for collaboration between UK insurers and the formation of the UK's Insurance Fraud Bureau (IFB). Claims submitted by fraudsters like those described above are usually submitted against a number of different insurers and if treated independently, most of these claims would not be detected.

The key to detecting wide ranging frauds of this nature is found in the sharing of information. Insurers in the UK have started to work more closely with each other and are now sharing fraud data and intelligence, mainly via the IFB but also through independent fraud databases and intelligence sharing forums like the Insurance Fraud Investigator Group (IFIG). But it has been the IFB that made the biggest impact on the ability of insurers to detect and prevent organised insurance fraud by analysing policy and claims data across insurers for suspicious activity, coordinating investigations between insurers and building relationships with the police and other law enforcement agencies.

A good example of how collaboration with the IFB has helped the company I work for can be found in our involvement in the above operation (involving the gang that staged 92 accidents). Early in 2008 my motor claims fraud team identified five claims that appeared to be linked. All the claims occurred at the same traffic circle and all had very similar circumstances. All five of these claims were detected independently using our internal fraud indicator list, a check list that we developed after analysing 100's of staged and induced accidents. In March 2008 we received an intelligence alert from the IFB relating to the above operation. A search of our claims database identified a further 13 claims that had been flagged as suspicious by our internal processes and that were under investigation in our motor claims fraud team but that had not been linked to the gang, and another 17 claims that had not been identified as being suspicious but that appeared in the IFB alert. The total value of these 35 claims, identified by the IFB, amounts to £646,724 of which claims amounting to £141,082 have already been repudiated. The rest of the claims are still under investigation but I am confident that most of these will also be repudiated, saving the company hundreds of thousands of Pounds, most of which can be attributed to the involvement of the IFB.

Insurers themselves are also doing a lot more to detect these types of fraud. A number of insurers now subscribe to financial service industry fraud databases and share intelligence in this way. Also, insurers in the UK are getting much better at understanding how these frauds are committed and are developing processes and fraud check lists that flag common fraud indicators. By deconstructing the fraud and analysing the circumstances, the indicators become very apparent and process can be developed to detect suspicious claims. Indicators such as claims against newly incepted policies, the use of older (low value) vehicles, multiple occupancy, inconsistent damage and inconsistencies in the information provided by the various claimants are all very good indicators of a staged accident, which if viewed independently may not be considered as suspicious but when viewed together are a clear indication that the claim deserves a closer look.

Although induced accidents are a lot more difficult to detect, the key is to obtain a very detailed statement from the insured who is usually an innocent party, and to clarify the circumstances of the accident. The fact that the third party appeared to slam on brakes for no reason (i.e. no other traffic, animal, child or cyclist in the vicinity) is a good indication that the incident was an induced accident.

*Steve Barkhuizen is the Financial Crime Manager at a medium sized UK general insurer and is a member of the Eurapco Fraud Group ([www.eurapco.com](http://www.eurapco.com)). He was formally a Coordinating Manager at Gobodo Forensic Accounting in Johannesburg and moved to the UK three years ago.*

**THANK YOU TO STEVE BARKHUIZEN FOR PERMISSION TO USE THE AFORE-MENTIONED ARTICLE. FOR FURTHER INFORMATION PLEASE FEEL FREE TO CONTACT STEVE ON—[Steve.Barkhuizen@mma-insurance.com](mailto:Steve.Barkhuizen@mma-insurance.com)** 

## ARTICLE—SAVRALA

### BEWARE OF SCAM !!!

The South African Vehicle Rental and Leasing Association (Savralla) warns that the latest scam by fraudsters in the car-rental industry can have devastating financial implications to travel agents. In recent months, shrewd criminals have been obtaining fax letterheads from unsuspecting government departments. These letterheads are then used to confirm orders for luxury vehicles with travel agents via fax. As is standard practice, the travel agent then issues a full credit voucher to the specified car rental company. The fraudsters then collect the car, safe in the knowledge that it will only be identified as stolen after it is not returned on time. Ultimately, the travel agent that issued the full credit voucher is responsible for the loss, which includes full rental charges (including excesses) and the steep cost of the luxury vehicle.

Savralla urges all travel agents to protect themselves from becoming victims by ensuring they are vigilant in checking the authenticity of all corporate or government orders.

**THANK YOU TO NATALIA THOMSON FROM NOW MEDIA FOR PERMISSION TO USE THIS ARTICLE, WHICH WAS SENT TO US BY TREVOR OBERHOLSTER FROM THRIFTY CAR RENTAL. NATALIA CAN BE CONTACTED ON [nataliat@nowmedia.co.za](mailto:nataliat@nowmedia.co.za) FOR FURTHER INFORMATION.**

## ARTICLE—CGC

### CONSUMER GOODS COUNCIL (CGC) PARTNERSHIP

The SAICB and CGC have begun a pilot project to see if the SAICB can assist in helping the CGC in addressing the increase in business robberies and burglaries in South Africa.

The CGC has begun sending the SAICB details on suspect and actual vehicles and criminals involved in robberies/ burglaries which the SAICB is running through our Memex system. Hits on Memex are shared with CGC and additional information is sought from the industry to assist the CGC with its investigations.

The information received gives the SAICB valuable information on current modus operandi and trends with regards to business robberies and burglaries, which is of particular importance to build up our information systems to identify trends and patterns for these types of criminal activities.

The SAICB has been given permission by CGC to include basic statistics on the robberies and burglaries reported to the CGC at retail and wholesale stores in South Africa and will in future include this information in the Newsletter.

For period: 16 December 2009 to 19 January 2010:

No. of Robberies: 15                      No. of Burglaries: 38

Robberies: Gauteng: 7; KZN: 4; Eastern Cape (EC): 1; Free State (FS): 1; Limpopo:1; Western Cape (WC) : 1; Mpumalanga, North West (NW) and Northern Cape (NC): 0

Burglaries: KZN: 11; Gauteng: 10; WC: 6; FS: 2; NC: 2; Limp: 1; Mpm: 1; NW: 1

**THANK YOU TO MICHAEL BROUGHTON FROM CGC FOR PERMISSON TO USE THIS INFORMATION.**