

**MARCH 2009**

**SOUTH AFRICAN INSURANCE CRIME BUREAU**

**ISSUE 1 : 2009**

## IN BRIEF....

- SAICB was founded in July 2008.
- 11 Member companies and growing.
- Memex appointed as technology partner.
- Fraudline incorporated under the SAICB banner
- Website launched 1 March 2009.
- Industry united in the fight against insurance crime and fraud.

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## SAICB NEWSLETTER LAUNCHED!!!!

The SAICB Report will be the industry's information highway to see what we have been up to, with whom we have forged partnerships to enhance our fight against insurance crime and fraud, and specifically the successes and ongoing investigations we are involved in.

The South African Insurance Crime Bureau (SAICB) was founded in July 2008.

The aim of the SAICB is to address insurance crime and fraud in the short term insurance industry, specifically syndicated and repeat offenders, as well as fraudsters that target multiple insurance companies.

Much of the first few months was dedicated to the set up of the section 21 company and the acquiring of premises and staff, while at the same time customizing the Memex system to the

special needs of the insurance environment, and the specific function of detecting possible fraudulent behavior from the data.

2009 heralded the final stages of the assimilation of data into the Memex system and the beginning of industry interaction with the system. This has led to several leads in new and ongoing investigations, as well as the sharing of information with our member companies on queries.

While the SAICB was originally formed to address fraud and crime in the short term industry, we have received numerous enquiries as to how to expand our function to include other organizations in the financial industry and beyond.

The SAICB has been in negotiation, since inception, with

these other potential role players so as to share information and expand our data base.

From the short term industry itself, several other areas of interest have been suggested, all of which are being investigated as avenues of interest for the SAICB going forward.

We are funded by the industry, for the benefit of the industry and as such, this Newsletter will be our mode of communication with the whole industry on what we are accomplishing for you.

Your comments and suggestions to enhance the publication will be most welcome. For additional information on any of our articles, please feel free to contact either Hugo van Zyl, or Melanie Pillay, contact details on the back page of the newsletter. *...Melanie*

## INVESTIGATION UPDATE


The SAICB is currently involved in several multi-insurance company investigations. Just one of the investigations involves seven insurers. The estimated cost involved for the investigations is in the millions of Rands, but we anticipate that this amount will increase as information and additional links are still coming in.

No further information about these investigations will be

forthcoming as these are long term investigations. The relevant insurance companies have been included in all information sharing and correspondence.

For the safety of the investigation and the people involved, we will only give the industry feedback on the conclusion of these cases.

The SAICB would like to acknowledge the wonderful sup-

port and participation received from our member companies and their representatives. It is only with this dedication that we can hope to achieve the successes we anticipate. 



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## MEMBERS

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

## PARTNERS

SOUTH AFRICAN  
 INSURANCE  
 ASSOCIATION  
 (SAIA)  
 TRANSUNION  
 FRAUDLINE  
 MEMEX

## PARTNERSHIPS

Since the founding of the SAICB in July 2008, the importance of forming and nurturing partnerships has been an integral part of our business philosophy, as this is essential to our success.

For the SAICB to function and to grow our information base, we must constantly forge new relationships and partnerships to acquire as much data as possible to enhance our system, as well as ensure that the relevant stakeholders are updated on what we are doing and accomplishing.


Discussions are currently under way with the life insurers, the medical schemes, ASISA, the FIA, the banks and several other organizations in the financial fields to share data.

In addition, the SAICB is in the

contract negotiation stage with the SAFPS and Tracker to receive and share daily and/or weekly updates from them.

Information is already being received from Tracker on a daily basis, and the bulk download from SAFPS will be received as soon as the contract is signed and daily updates will be received thereafter.

We are working closely with the recently formed JMPD Evidential Alcohol Testing Center — who is using the Dräger system for alcohol testing, and will be receiving their historical data, and daily updated reports from them thereafter.

Other partnerships are still in the negotiation stage and updates will be forthcoming in future issues. 


## NEW INITIATIVES

The SAICB has begun a new initiative to create and maintain a staff dishonesty database for the short term insurance industry. This initiative has come out of a proposal by the SAICB—who has identified this as a need for the industry—and after several meetings with the SAICB Board, Fraud and SPOC committees, who have helped finalise the structure and format of the database.

The SAICB will be speaking to the relevant persons in the various member companies for further input and to ensure that the industry is well informed as to what the purpose and value of this initiative is.

The database will be available to vet potential employees and the SAICB is in talks with other sectors of the financial industry to expand this database to include other sectors.

The SAICB is also in negotiations to receive service provider and 3rd party detail from its members, as we have already received several enquiries and reports of alleged fraudulent behavior for these sectors.

These initiatives are still in the planning phase with progress updates forthcoming in future issues. 

## UPDATE ON SAICB

The SAICB moved to its new premises in October 2008 with 2 staff members. The staff complement has now grown to 7 with the last appointment being made this week.

The staff consists of a Head of Operations, Office Manager, an Analyst, 2 Investigators, a Data Capturer and a Receptionist/Assistant.

The intelligence data system is now almost fully operational with some data still outstanding,

but the system is already being used for data mining and the business rules, written specifically for the industry are currently running.

The SAICB website went live on 1 March 2009, and while this site is primarily an information website, it also has the capacity to send suspected fraud reports to either the SAICB directly or through the Insurance Fraudline.

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## COMING SOON....

The SAICB Report is a work in progress and we are working on making this more informative to the industry with regards to the fraud environment. To this end we will be including informative articles from the industry in future issues.

The next issue will have a guest article from one of our many partners and stakeholders on current issues and trends in the industry. This will be a regular column.

Our Head of Operations, Hugo van Zyl will do a monthly article on the quality and quantity of data received and what is still outstanding and what we hope to add to the system going forward.

Articles on trends and Modus Operandi will also be included when applicable to add to the updates on investigations.

We will also include stories from our committee members on successful investigations and prosecutions.

So lots to look forward to in future issues.....

## UPDATE ON SAICB *continued.....*

*...continued from page 2*

All committees are up and running successfully, and all systems and protocols have been implemented.

The Insurance Fraudline now falls under the SAICB banner as of 1 January 2009, and will be managed through the SAICB. The funding for the Fraudline will fall under the SAICB and communication regarding this has already been sent to the industry.

All data since the inception of the Fraudline in 2002 has been added to the system and we continue to receive daily updates from the Fraudline which is shared with the relevant insurance company or the whole industry.

A new funding model has also been formulated to facilitate the inclusion of smaller insurance companies and other stake-

holders into the SAICB. This funding model will allow the SAICB to increase its member base and funding while increasing our information data base.


The SAICB is facilitating two pilot projects to bring in life and commercial data into our Mex system. The commercial pilot project has been formulated with data from Lion of Africa, and the life project with data from Standard Bank Insurance. 

tions (DPI) - former Scorpions - with ongoing investigations...

We have received and assisted with over 400 alleged fraud investigations from member companies, and through the Insurance Fraudline.

We have facilitated several vehicle recoveries and assisted member companies with information that has led to their investigations reaching police involvement stage and prosecution.

Alerts have been sent out on identity number (ID) misuse, international and national syndicate involvement across the financial industry, and modus operandi/trends in fraud and crime in the industry.

'Opportunistic fraud occurrences' have been reported to SAPS and the member companies. 

## SUCCESSSES

The SAICB is currently assisting the South African Revenue Service (SARS), the National Prosecuting Authority (NPA), Assets Forfeiture Unit, NPA Organized Crime, South African Police Service (SAPS) and the Directorate of Priority Investiga-

## FRAUDLINE

The Insurance Fraudline report will no longer appear in the South African Insurance Association (SAIA) Bulletin, as the monthly results will be posted in this newsletter.

In February 2009, 186 reports were received of which 10 were for the short term insurance industry.

Since 2002, **23995** reports have been received of which **668** reports were for the short term industry **115** reports for the brokers and **307** 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)

## CONTACT

**For further information or if you wish to reproduce any of the articles in this Newsletter, please contact :**

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