

Making fraud prevention clear /



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The majority of us buy insurance to be protected. Insurance is an important purchase and sometimes people make mistakes which might cause the terms of their policy to be breached which is why it is often a good idea to get advice. Sometimes however we find that we also have to deal with people who are intentionally dishonest.

This is why AXA does all it can to protect its customers and partners from fraud. We are often asked why we make such an issue about this, so we have produced a series of guides to explain in plain English, what insurance fraud is and how we deal with it.

What is fraud?

AXA is committed to protecting its customers and will deal with their claims in a fair and transparent manner. We will pay all genuine and valid claims, however it is the duty of all customers and brokers to take every care that the information they provide is truthful and accurate. They must disclose all information that is relevant to the insurer, the policy being taken out or claim being made.

Making an intentionally false or misleading statement to your broker or insurer is fraud. As well as being a criminal offence, there could be other consequences. What this means in practice is:

- If a customer knows that they are not disclosing all relevant information, or they are not being truthful with us about key facts, the policy could be declared invalid, and they may not have the premiums they have already paid refunded. This also means that they won't be able to make any claims under the policy.
- We will not pay claims to customers who deliberately exaggerate their claim – if they claim for possessions they never had or claim a higher value for the property lost or damaged, that is fraud and under law, we must treat it as such. Even if parts of their claim are genuine, where we find fraud, we will decline to pay the entire claim and we may cancel the policy.





Why do we manage fraud this way?

No-one really knows exactly how much insurance fraud costs but it's certainly over £1 billion a year. The burden of this cost falls on our genuine customers, adding at least £50 to every policy they buy.

This is clearly wrong and AXA understands our moral obligation to stop this type of crime, which is why we spend a lot of time and effort working with other insurers and brokers fighting fraud.

Some examples

Fraud comes in many shapes and sizes and this is what makes it difficult to find. Here are some examples of the types of fraud we come across:

- **Misrepresentation:** This could be as simple as deliberately overstating a no claims discount or lying about occupation or age to reduce the cost of the policy. Even people involved in a claim who aren't our customers, can be found guilty of fraud if they give us inaccurate or false information in support of a false or exaggerated claim.
- **Abuse of position:** This type of fraud results from someone occupying a position of expertise or authority breaching their position of trust. We see this when a solicitor representing a client knowingly provides inaccurate or false information or when a claims management company encourages a false or exaggerated claim to be made.
- **Failure to disclose information:** This is when someone deliberately avoids providing information asked of them, knowing that this may result in a lower premium, improved terms of cover or a better claims settlement. The most common example we see is a customer who fails to disclose previous claims or convictions when taking out a policy.

To protect our honest customers, we check every piece of information provided to us at all stages of the contract: when taking out a policy, changes to cover during the year, and when a claim is made. We will check identity, claim histories, proof of no claims discount as well as circumstances surrounding a claim. We spend a huge amount of time and effort in ensuring that AXA and its customers are not vulnerable to the cost and risk of fraud and our ability to identify and prosecute fraud is increasing in sophistication so you don't have to pay for someone else's crime.

Here are some real examples of fraud we have encountered:

Case study 1 – Fabricated claim

We received a claim from a third party who said that our policyholder had driven into the back of their vehicle. Upon inspection of the vehicles it was established that the damage was inconsistent with the claim received from the third party. It turned out that one of the cars had been reversed into a wall and the entire claim had been fabricated. We refused to pay the whole claim, the policy was cancelled and details of the policyholder and third party were added to the Insurance Fraud Register. When the insured tried to get a policy elsewhere they were refused.

Case study 2 – Inaccurate policy information

An individual used our website to get many quotes for their car insurance, each time changing their no claims discount to see how it would affect the policy premium. When we received their “proof” of no claims discount, we proved it was a forgery. The policy was void and premiums were retained. The customer was added to the Insurance Fraud Register so that other insurers are aware of the fraud committed should the customer try to take out another policy.

Did you know?

- We settle 20% of all property claims in 24 hours.
- We settle 90% of our motor total loss claims within 10 days.
- We spend more than £4m a day on claims.
- Insurers detected £1.3bn of insurance fraud in 2013; crimes committed by nearly 120,000 people.

Tell us about fraud

We cannot beat fraud alone, so if you suspect fraud then please speak to your insurance broker or local AXA fraud insurance expert. We also encourage fraud reporting through two other confidential channels;

By email – please send a message to fraud@axa-insurance.co.uk

By phone – **0845 900 4171**



AXA Insurance is working in partnership with BIBA on making the issues surrounding insurance fraud clear for brokers and policyholders.

The British Insurance Broker Association (BIBA) and AXA share the same goal of combatting fraud and protecting our honest customers.