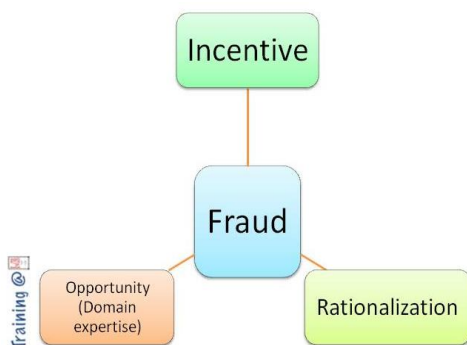


## PROFILE OF A FRAUDSTER

*Dr Sushma Jaiswal Meher*  
Executive Director: INCHES Healthcare Pvt Ltd

### Why do people commit fraud?

One or more of the following three variables are usually evident in any proven instance of insurance fraud. In large percentage of such claims more than one exists as whatever be the main trigger, rationalization always plays a role.



### 1. Promise/ Assurance of (greater) returns

- This person has taken a policy with the promise that he shall get back his investment plus some benefits.
- It is a known fact that in certain geographic locations the insurance agents promise that he/ she will ensure return of more than premium each year. Thus guaranteeing the cover free of cost.
- Since the intermediary (and more likely the provider) is involved, these require great amount of ingenuity / trend identification on part of the claims/ fraud team as these are usually hard frauds (hospitalization never took place) and are seldom in network hospitals.

### 2. Money - the Numero Uno motivator

- include personal financial needs/ pressures; market pressures to meet financial targets or goals (if in insurance selling), being in high debt or an addiction (greed, financial losses etc).
- Some have made this as a way of life; they justify filing false claims as a way to support their family. It has been observed that frauds increase in times of economic depression as people have financial liabilities (loans for house/ car etc) and EMIs have to be paid on time.

### 3. Motivated by Anger

- These individuals feel that they have been personally victimized by the insurance company. Most of them are or have been employee of some insurance company and are angry on some unjust action taken by the employer.

### Did you know?

Each instance of proven fraud/ abuse enters an arena of a bigger challenge – what motivated them & How to ensure they won't try (& succeed) next time? Simple denial is never enough!

- Some may begin filing fraudulent claims after one of their (so thought) genuine claim was not settled, putting them to great inconvenience/ disappointment.
- We have seen that the repudiation letters sent are insensitive; many often start with Sir/Madam not even acknowledging

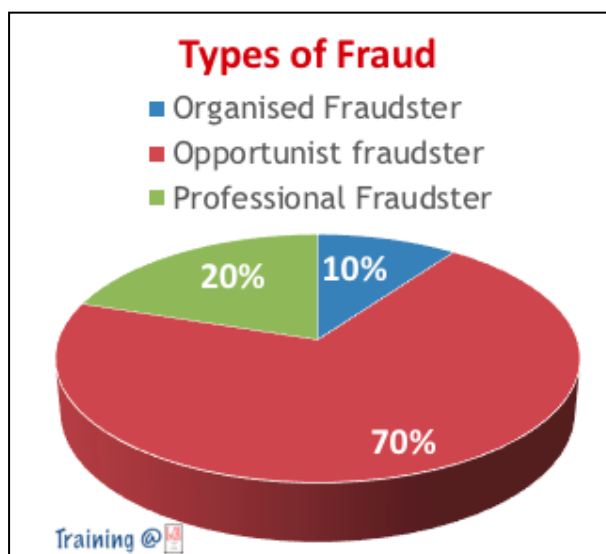
the gender of the customer and are usually copy/ paste templates where the clause is only updated (at times even that is not the correct one). Insurers should realize that the aim then is not to pay the claim and ensure customer continues with the policy.

#### 4. Domain Knowledge/ Opportunistic Fraudster

- Opportunity: Fraudsters need to have the opportunity to commit fraud. Having domain experience is a big help.
- *Example: A motor garage owner will commit fraud in motor insurance - customer approaches and says there has been minor accident but would you do some extra work and claim from insurance? Why shouldn't he? He is an expert in his trade and can inflate the bill.*
- *Similarly a doctor/ hospital employee has domain experience of health and an insurance agent possesses domain experience of selling insurance. This collusion is more damaging.*

#### 5. Rationalization

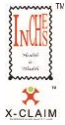
- Rationalisation is the mental process of justifying one's actions.
- After the first attempt, one may get some moral pangs. Later, once successful, it becomes a habit and maybe also an addiction. When they perceive an entitlement to compensation because they have paid premiums all these years and now they need the money!



data among themselves)

#### 6. Professional fraudsters

- Professional fraudsters earn their livelihood or may even complement their other income by committing insurance fraud
- He or she will continue committing fraud until detected and may target a number of insurers. If caught, will shift focus (they all know insurers don't share



## 7. Organised fraud

- Repeated success to an individual professional fraudster prompts him/ her to turn into an organised group involving a group of persons capable of committing complex and extensive frauds.
- Such groups are active in creation/ setting up ‘accidents’ with a view to recovering personal injury damages or on taking policies on non-existing persons.
- This is also commonly seen in fraud involving Workman’s Compensations and will be elaborated upon in greater detail subsequently.

### Specific Action Plan for each type of Fraudster

Opportunist fraudster	Just repudiation is not enough; should plan fraud control measures as many more may try similarly	Fraudster is more likely to act when they feel/ are certain that likelihood of detection/ penalty is minimal. Certain circumstances that provide opportunity to commit fraud include ineffective or absent controls, poor oversight or poor management ability to override controls.
Professional Fraudster		
Organised Fraudster	Needs organized action plan; may even involve police, crime, CBI depending on how wide is the network.	

More at [www.inches-insuretech.com](http://www.inches-insuretech.com)  
 Connect for proven solutions: [imtiazhk@xclaim.in](mailto:imtiazhk@xclaim.in)

*Images: Courtesy - Content Team (of soon to be launched Insurance Fraud Management Programme)*

No part of this publication should be used without author’s written approval.

For more Information:  
 Call: 91 9920061999, or Email: [imtiazhk@xclaim.in](mailto:imtiazhk@xclaim.in), or Visit: [inches-insuretech.com](http://inches-insuretech.com)