

Insurers should be serious in tackling soft fraud claims, say experts

The insurance industry has to develop concerted national efforts to combat the significant increase in claims arising from soft fraud, urged panellists at a fraud management seminar in Singapore last week.

In the last decade or so, difficult-to-prove soft fraud cases have become more rampant than hard fraud, with worrying trends seen in travel and other personal lines. Mr Ben Chin, Vice President of the Federal Insurance Co and Claims Manager for Chubb's Asia Pacific region, said that in Australia, Hong Kong and Singapore, there was a rise in "slip and fall" claims while South Korea has seen a trend of "unusual" death claims caused by suspected suicides.

Mr Chin suggested that competition among insurers could be part of the reason behind the rise in such claims, as many companies have become more lax in following rules and procedures, for example by not requiring proposal forms to be completed, and with claims departments trying to settle as quickly as possible, since the amounts for such claims tend to be insignificant.

From a loss adjuster's point of view, Mr Chan Hwee Seng, Chairman of Crawford & Co in Singapore agreed, suggesting that with insurance becoming more easily available, whether through the internet or kiosks, this could be another factor driving up claims. He called on insurance companies to tighten their in-house procedures by insisting that policyholders fill out all required fields in policy forms and to file a claim within the specified time limit.

Calling soft fraud the "cancer eating away at the insurance industry", Mr Paul Robinson, IBM Asia Pacific Insurance Executive, said that certain regulators in the region, such as those in Australia, Malaysia and South Korea, have been making serious efforts to combat such incidences. Nevertheless, efforts are required at a more national level, for example by setting up central databases of information, and industry bodies play an important role in driving such changes. Technology, he added, was not the silver bullet to the problem, but part of the response.

The seminar was organised by the Singapore Insurance Institute, in partnership with IBM.

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