



## Insurance fraud

Insurance fraud has an impact on us all. It is estimated to account for about 10 per cent of all general insurance claims and costs the industry more than \$2 billion each year. That's about \$75 for every insurance policy taken out in Australia\*.

Fraud is a deliberately dishonest act that causes actual or potential financial loss to any person or entity.

It can range from overstating the value of damaged or lost items or not declaring information that is known and relevant to a claim, through to the activities of highly organised criminals coordinating large and complex false claims.

### Insurance fraud can be:

- **Opportunistic** – the padding and exaggeration of otherwise legitimate claims
- **Premeditated** – Arson, theft, staged incidents involving the deliberate fabrication of a claim
- **Fraudulent non-disclosure** – misrepresentation of facts material to the insurance policy, such as failure to disclose a criminal conviction or giving deliberately misleading information in support of a claim

\*Hidden Costs: Insurance Fraud in Australia. Economist Intelligence Unit, 2003.

### Who commits insurance fraud?

Insurance fraud is committed at many levels within the community, from professional criminals to otherwise honest law-abiding policyholders who inflate one-off insurance claims.

An insurer can reject a claim or part of a claim that is made fraudulently. However, an insurer cannot reject the entire claim if the fraud is only a minor or insignificant part of the claim.

### Why should I be concerned about fraud?

The cost of fraud to the insurance industry and the Australian community is significant. The [Australian Institute of Criminology](http://www.aic.gov.au/index.html) [ <http://www.aic.gov.au/index.html> ] estimates the true cost of insurance fraud to the community, with all its associated costs, could be as much as \$9 billion a year.

Fraud has a direct impact on the price consumers and businesses pay for their insurance.

## Reporting fraud

The identification of fraudulent activity is generally simple. Instinct or gut feeling can be a very accurate indicator, and frequently people witness activity that they feel is unusual or not quite right but dismiss it as just strange behaviour.

To report information on suspected insurance fraud contact the [Insurance Fraud Bureau of Australia \[ https://ifba.org.au/ \]](https://ifba.org.au/) :

- Fraud hotline: 1800 600 444 (during business hours)
- Email: [report.fraud@ifba.online](mailto:report.fraud@ifba.online) [ <mailto:report.fraud@ifba.online> ]

Please note that if you make a report concerning a suspected fraud, your information does not need to be recorded. If you have a specific question about IFBA's privacy procedures please email [report.fraud@ifba.online](mailto:report.fraud@ifba.online) [ <mailto:report.fraud@ifba.online> ].

You can also report fraud to your state or territory police.

## Insurance Fraud Bureau of Australia

The Insurance Fraud Bureau of Australia [ <https://ifba.org.au/> ] (IFBA) is managed by the Insurance Council of Australia [ <http://www.insurancecouncil.com.au/> ] . Its role includes the coordination of fraud prevention strategies across the general insurance industry. As such, the IFBA receives information and allegations of insurance fraud from a variety of sources (anonymous and otherwise) and relays this information to the relevant insurer, which then takes whatever action the insurer deems appropriate. The IFBA does not undertake investigations.