

Anti-Fraud Measures

Promoted by the Japanese General Insurance Industry

Mamoru Otsubo
The General Insurance Association of Japan

What are 'bottlenecks' in terms of insurance fraud eradication?

Who are the "Victims" of Insurance Fraud?

- Insurance companies?

How to be suspicious of claims.

- Most cases might be overlooked.

What efforts should the insurance industry make?

Fundamentals for the prevention of fraudulent claims

- Promotion of public understanding on the adverse effects of insurance fraud

Not only insurers, but also policyholders and society as a whole are the victims

- Creating an effective deterrent by publicizing fraud discoveries

To discourage fraud crime from being committed

What efforts should the insurance industry make?

Items needing special attention to discover frauds (for example)

- > Insurance coverage of an unusually high amount
- > Double insurance policies
- > Accidents (insurance claims) soon after insurance policies have been issued
- > Frequent insurance claims by the same person
- > Fires of unknown cause at financially distressed factories (particularly when a fire breaks out at night during a holiday)



It is difficult to find such suspicious claims.



Industry-wide efforts are needed.

Examples of our efforts

Information Exchange among Insurance Companies

The GIAJ supports moral hazard prevention of insurance companies by providing them with relevant information.

1. Entrance: Contract Data
to avoid inappropriate or fraudulent insurance contracts by checking for “over insurance”, “duplicate insurance” contracts
 2. Exit: Claim Data
to identify and reject fraudulent claims by exchanging information on suspicious claims (especially automobile insurance)
- *The above systems are operated in compliance with related laws such as the Personal Information Protection Act and the Anti-monopoly Act.

Information Exchange System for Preventing Fraudulent Claims

i. Outline of the system

To facilitate proper insurance claim payments, information on possible fraudulent claims is exchanged among insurance companies, etc.

ii. Lines of insurance to be covered

- Voluntary automobile insurance
- Compulsory automobile liability insurance (CALI)
- (Fire, Miscellaneous Casualty (Personal Accident, Personal Liability, etc.) Insurance)

iii. Data to be registered

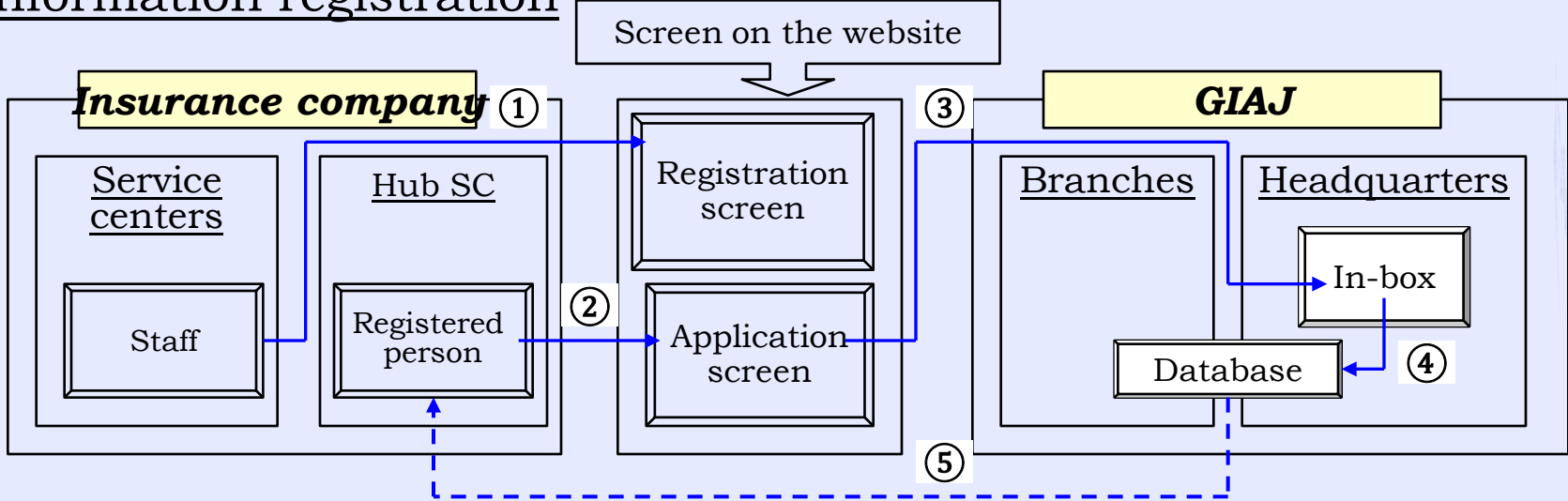
Name, address, telephone number, date of birth, coverage, date of accident, vehicle identification number, car model, type of fraudulent claim, accident site, notification to or consultation with police, insurance policy number, type of accident, condition of the other parties involved in the accident (driver, passenger, taxi passenger, pedestrian, cyclist, etc.), etc.

iv. Participating companies

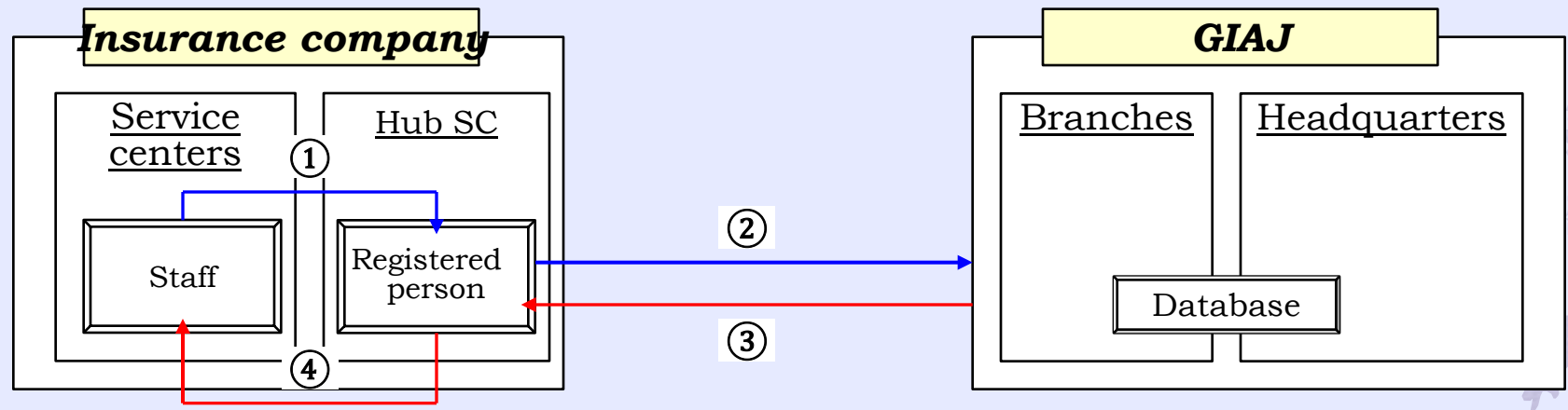
- 38 in total (Domestic and foreign general insurance companies, and kyosai (mutual aid) associations)

vi. Flow of data entry and inquiries

➤ Information registration



➤ Information query



Collecting convincing evidence

- ◆ Establishment of an effective information gathering network
 - Claim Services Centers of GIAJ member companies
 - 1,600 claims offices nationwide
 - 32,000 expert staff on claims handling
 - Consignment to “Property Loss Assessors”, “Automobile Insurance Adjusters”, “general insurance claim research firms” and “scientific analysis companies”

Necessity of both industry-wide and public-private efforts

- ◆ Establishment of an effective loss survey system for appropriate and fair claim payments
 - 2,487 GIAJ registered “Property Loss Assessors” (Fire and Casualty Insurance)
 - 8,786 GIAJ registered “Automobile Insurance Adjusters”
 - “The Medical Education Institute for Insurance Adjusters” operated by the GIAJ
- ◆ Seminars on false insurance claim prevention
 - The police and experts on insurance crime are invited to seminars, which are targeted at employees of insurance companies.



- ◆ Cooperation with authorities (such as the police)
 - Promotion Activities by the “Non-Life Insurance Crime Prevention Council”
 - The council, which has been established in 47 prefectures, consists of local police and non-life insurers who exchange information and cooperate in investigations to eliminate insurance crime.
 - Cooperation with the National Police Agency
 - The GIAJ and the National Police Agency hold meetings periodically to exchange opinions on the prevention of insurance fraud



Closing

- ◆ Importance of promoting public understanding on the adverse effects of insurance fraud and creating an effective deterrent by publicizing fraud discoveries
- ◆ Necessity of a determined effort to combat fraud to prevent insurance from being used as a tool for crime
- ◆ The following industry-wide and public-private joint efforts are important in ensuring that specific countermeasures against fraudulent claims work effectively:
 - Industry-wide fostering of claim handling experts
 - Cooperation (information exchange) among relevant industry parties, including insurance companies, the GIAJ, etc.
 - Cooperation with relevant authorities such as the police