

Fraudulent claims cost insurers RM500m annually

by Kathleen Tan 15-01-2008

KUALA LUMPUR: Some RM500 million or 15% of Malaysia's annual insurance claims of about RM3 billion contain fraudulent elements, said an industry association.

"Fraudsters are always one step ahead of us," said the head of the local chapter of the Association of Certified Fraud Examiners (ACFE), **Akhbar Satar**, on the difficulty in arresting the problem.

The ACFE, together with Bank Negara and the Anti-Corruption Agency, set up a high-level committee in 2005 to train insurance operators on fraud detection and prevention, he said at the inaugural Insurance & Takaful Fraud Conference yesterday.

The high-level committee implemented the no claim discount (NCD) short messaging service (SMS) alert last year, where the public could check the status of their insurance claims and make claims in real-time.

The conference was organised by ISM Insurance Services Malaysia Bhd and ACFE Malaysian chapter.

In his keynote address, International Association of Insurance Fraud Agencies president Dr Bassel Hindawi said the cost of insurance fraud worldwide was estimated to exceed US\$150 billion (RM495 billion) annually.

Hindawi said sharing knowledge and intelligence regarding fraud risks, trends and policy issues at both the national and international level was key to fighting insurance fraud.

Akhbar said the problem of fraudulent claims had persisted because the public condoned the practice as a "victimless crime" that did not hurt anyone.

He said ACFE would hold more consumer education campaigns to raise public awareness of insurance fraud. "Education is the key enabler in the fight against fraud because only when individuals are aware of the different fraudulent schemes in the market can they defend against them," he said.