

JULY 2010

SOUTH AFRICAN INSURANCE CRIME BUREAU

ISSUE 7 : 2010

**YEAR IN REVIEW:
LISTS UPDATE**

DRÄGER

Number of lists: 96
Records: 6584
Hits : 1906

SAPS 13

Number of lists: 81
Records: 6681
Hits : 406

TRACKER

Number of lists: 165
Records: 4241
Hits : 730

DATADOT

Number of lists: 9
Records: 370
Hits : 391

ENQUIRIES

Enquiries: 707
Replies: 1857

**SINCE JUNE 2009 TO
JULY 2010—R8,3 MIL-
LION HAS BEEN
SAVED BY THE INDUS-
TRY THROUGH THE
LISTS.**

INSIDE THIS ISSUE...

**SAICB - YEAR IN
REVIEW 1**

FRAUDLINE 1

**YEAR IN REVIEW:
LISTS UPDATE 1**

ARTICLE: MEMEX 5

**ARTICLE:
DELOITTE 7**

CONTACT 7

ARTICLE: SAICB—YEAR IN REVIEW

SAICB—YEAR IN REVIEW

The SAICB reached its financial year end and the end of a very successful second year of operation at the end of June 2010. During the first year the SAICB dedicated most of its time and resources to the set up of the company and the office, the appointment of the necessary staff, and the customization of the Memex system for the SAICB's specific requirements. While engaging with the member companies on the core functions of the SAICB and developing the relationships that would enhance our operations and initiatives.

In the second year the SAICB focused on the core business of fighting fraud and crime in our industry and beyond, guided by our Priorities Focus Areas: Data Acquisition, Investigations, Prevention and Awareness. The following summarises some of the operations and initiatives we have been involved in:

- The ongoing acquisition and assimilation of data from our member companies and the other information partners that have come on board—to date we have 131 data sources.
- The running and fine tuning of the business rules that identify possible syndicates and syndicated behaviour as well as repeat offenders and modus operandi.
- Exploring proactive initiatives that help prevent fraud and crime in the industry which includes the very successful lists and enquiries that are being sent to the industry—i.e SAPS 13, Dräger and Tracker lists and enquiries from SARS and the NPA Assets Forfeiture Units, short term insurers and related industries.
- Becoming involved in initiatives that affect our industry like the repatriation of our stolen/recovered vehicles from our neighbouring countries—the Lesotho pilot project currently being implemented, Consumer Goods Council project—assistance with the identification of vehicles possibly involved in Mall attacks, the education of the border police and personnel in the pounds in South Africa to identify and recover our vehicles currently sitting in the South African pounds and returning them to the relevant companies and/or owners.
- The rollout of the Fraudline and Staff Dishonesty database initiatives to our member

FRAUDLINE

In June 2010, **153** reports were received of which 10 reports were for the short term insurance industry, 5 report was received for Brokers and 2 reports for the life industry.

Since 2002, **26563** reports have been received of which **857**

reports were for the short term industry **131** reports for the brokers and **357** reports were for the life industry.

For further information on the statistics, please contact

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MEMBERS

SANTAM
 MUTUAL & FEDERAL
 HOLLARD
 LION OF AFRICA
 REGENT
 TELESURE
 ABSA INSURANCE
 STANDARD BANK
 INSURANCE
 OUTSURANCE
 MOMENTUM
 MIWAY

PARTNERS

SOUTH AFRICAN
 INSURANCE
 ASSOCIATION (SAIA)
 TRANSUNION
 FRAUDLINE
 MEMEX
 SAFPS
 UNICODE
 BACSA
 NEWORDER
 DATADOT
 CGC
 SAVRALA

ARTICLE: SAICB—YEAR IN REVIEW *CONT...*

companies is going well. The Fraudline give consumers and clients direct access to the SAICB and our member companies to report possible fraudulent behaviour, and in many cases to complain. The SAICB ensures that all reports are sent to the relevant people for action and that feedback is given if requested. The Staff Dishonesty database ensures that the fraudsters that work within our industry are identified and weeded out and not allowed to resurface and continue committing fraud and crime in the short term insurance environment in future.

- Providing the Medical Aid industry and Life industry with assistance with queries and reports via the Fraudline.
- Cloned vehicle initiative to help SAPS remove duplicate vehicles off their system, and keep the short term insurance industry informed about these vehicles so that there is no duplicate vehicles that are currently insured or might seek insurance in the future.

This Newsletter will elaborate on some of these and other initiatives to update the industry on the progress and current status of the activities.

SAVRALA

The South African Vehicle Rental and Leasing Association (SAVRALA) has joined the SAICB in fighting fraud and crime. The SAICB assists SAVRALA to search information on possible fraudsters targeting their industry by running their suspect details through our system.

This information is especially valuable when it comes to tracking syndicated fraud, overdue rentals and other criminal activities. SAVRALA is the representative body of the majority of the South African rental, leasing and fleet management companies. Its functions include the sharing of information and lobbying of government on legislative and related issues. SAVRALA has spearheaded several rental-related initiatives and works closely with peer associate bodies like the SAICB that share its members' interests and concerns

SAVRALA and the SAICB share information on a daily basis and a close working relationship has evolved. In a lot of cases fraudsters provide the rental companies with false personal details. The SAICB assists by running all information provided by SAVRALA through our system and identifying the correct information and weeding out the false information and we are thereby able to provide true personal detail in a lot of the cases to SAVRALA so that they can identify and track down the fraudsters and hopefully the missing vehicles as well. The SAICB flags the fraudsters in our system and runs this information against our current cases and queries.

ASSISTANCE GIVEN TO LIFE AND MEDICAL SCHEMES

Our experience with fraud committed in the financial industry is that if it is being committed against one aspect of the industry like the short term insurers, that these same fraudsters are more than likely targeting other aspects of the financial industry as well, like the Life and Medical Schemes industries.

To aid in combating fraud and crime in the whole industry we assist the Life or Medical Aid schemes with queries where they suspect fraudulent claims and activities taking place. The

ARTICLE: SAICB—YEAR IN REVIEW *CONT...*

information received from them is searched and compared against the information we have on Memex to verify if it is accurate. Our system can search ID numbers and phone and cell numbers in any format - with or without spaces, dashes etc. The ID number is also run through a verification algorithm to ensure that it is a valid South African ID Number. The results from the searches are sent to the requestor where we update their query with current information and let them know if the possible fraudster is involved in any of our current investigations. The information received enhances the information on our database and ensures that these fraudsters are identified if they target our industry.

TRUCK HIJACKING

The SAICB attends the Truck hijacking meeting coordinated by Business Against Crime SA (BACSA). Trucking companies, the various tracking companies, SAPS, the insurance industry as well representatives from the travel and transport industry attend this meeting.

The police provide a detailed report outlining time, days, vehicles, modus operandi and hotspots on all truck related crimes. Suspect vehicles and the location of the recovered horse and trailers are also discussed. The organised crime unit provides feedback on the progress of investigations relating to Truck Hijacking. The representatives of the trucking industry provide specific detail regarding each incident, load on the truck, the possible involvement of the truck driver and crew and what procedures can be adopted to prevent truck-jacking. The tracking companies provide their data on the recovered truck information and various other business entities provide their reports on business partnerships in the fight against crime.

The SAICB reports back on the industry's initiatives related to crime and fraud prevention as well as assists the SAPS with enquiries regarding the tracing of where the persons involved in fraud related incidents are insured. The SAICB has also offered to assist the SAPS with tracing the relevant insured or insurer of the stolen/recovered but unclaimed trucks that are currently sitting their pounds. This is a relatively new initiative but the SAICB is confident that we can make a difference in the prevention of fraudulent claims in the trucking industry.

CURRENT CASES AND PROJECTS UPDATES

The SAICB currently has 15 cases under investigation to the value of approximately R120 million and 3 ongoing Projects. Cases are the investigations into specific syndicates and repeat offenders that will be brought to conclusion in court or handed over to SAPS and Projects are ongoing initiatives that have no specific end date. Specifics on these cases and projects can unfortunately not be elaborated on as they are ongoing. Monthly updates on the cases and projects are sent to the SAICB Board and the member companies involved only.

PROACTIVE INITIATIVES

Fraud and crime prevention for the industry and member companies was identified as part of the priority areas by the SAICB Board and the SAICB tackled this through the numerous lists sent to the industry. The most successful of these lists in the last year has being the Dräger lists. The first Dräger centre in Randburg, Gauteng was established through an initiative facilitated by BACSA and the South African Insurance Association. Two more centres have been opened since then in Johannesburg and Soweto.

The SAICB receives the lists of the people involved in accidents and stopped at road blocks etc. that were driving under the influence of alcohol, and were over the limit. Approximately 3 lists are received per week, and the vehicle and driver details are searched through our system to determine if they are insured by our members. The accident information is of particular interest to our members to ensure that fraudulent claims are not submitted for accidents where alcohol was involved. The positive hits are highlighted on the lists indicating the member companies and the lists are sent to the members for action.

The SAPS 13 lists received contain the stolen/recovered vehicles that are in the SAPS pounds but have been unclaimed by

ARTICLE: SAICB—YEAR IN REVIEW CONT...

the owner or insurer. This information is also run through our system and the positive hits highlighted and sent to the member companies. The Tracker lists received contain the stolen/recovered vehicles and the status of the vehicle—where it currently is, either returned to owner or in the pounds. This information informs the industry on the status of the recovered vehicles and where to reclaim their vehicles for the owner or if the claim has been paid out to return to the insurance company.

THE SMALL WINS ADD UP!!!!

On 2010/07/08 the SAPS contacted one of our investigators to assist them with identifying property they had confiscated in a case—three motorcycles, a trailer and Mazda bakkie. The complainant had reported the items stolen during June 2009 at East Rand Mall. He said that the vehicle with the trailer was parked in the parking at the Mall as he did his shopping. On returning to his vehicle he discovered that it had been stolen. Case was reported at Boksburg SAPS.

The SAPS did their investigation and it was found that the client rented a storage garage and that he had stopped payment on the rented unit and the items were recovered there.

The SAICB ran the recovered property information through our system and within minutes found that the client had submitted claims for the stolen property from four different companies for the different items. Two of the claims had already been paid. The total value of the claims was R 951 000-00. The client was arrested and charged with fraud. The companies involved were notified by the SAICB and with the assistance of the SAICB they have began the process of recovering their monies and assisting the SAPS with the case.

BENEFITS TO THE SA PUBLIC AND INDUSTRY AT LARGE

The SAICB receives a number of single enquiries from the Lesotho Police regarding vehicles in their pounds or that need to be identified. The single queries are handled quickly with a very good success ratio, and in quite a few instances the vehicles identified are not insured or not from our member companies. A few examples of queries resulting in the owners recovering their vehicles through the SAICB:

Nissan 1 Tonner Hardbody

A query on a vehicle was received from Lesotho. On querying the vehicle details through the industry the driver was identified and positive feedback was received from Standard Bank on the owners ID number. Our investigator contacted the client on the contact numbers provided. According to the client, the vehicle was insured via a broker and his claim had not been met because he had not fitted a tracking device which was a requirement. The owner is still paying the monthly instalments because he is still liable. He had the vehicle for about a month and a half when it was stolen. The client will now be liaising directly with the Lesotho police to recover his vehicle.

Toyota Quantum

A telephone call was received from Lesotho regarding a vehicle they needed assistance identifying. The owners detail was obtained via eNatis and the contact number via the case number reported to the SAPS. The vehicle belonged to McCarthy who is self-insured. The details of the Investigating Officer in Lesotho were provided to McCarthy and they liaised with each other. The vehicle is ready to be handed back to McCarthy. The vehicle was stolen out of the yard at McCarthy. The value of the vehicle is R350 000.

Toyota Tazz

Information was received from Lesotho on the vehicle involved. The owners detail was obtained via eNatis and the contact number via the case number reported to the SAPS. The owner was contacted and he reported that he never had insurance and neither did the previous owner. He had bought the vehicle in a private deal. About 20 minutes after he paid, the car was

ARTICLE: SAICB—YEAR IN REVIEW *CONT...*

stolen from right in front of his home. He had not even registered the vehicle in his name at the time. He is very happy about the recovery and will be contacting the Lesotho Police to recover the vehicle.

While the SAICB does not receive direct benefit for these wins, we are building lasting relationships with our neighbouring country's law enforcement agencies, the rest of the industry and the goodwill generated amongst the general public is immeasurable. We always use these opportunities to educate the industry that is not part of the SAICB as yet on who we are and what we do and opportunities for the various companies to get involved with the SAICB. With the general public, the education revolves around who we are and what we do and the importance of ensuring their vehicles are insured before getting on the roads.

The SAICB is very privileged to have so many dedicated and committed people within the industry and beyond that give us their valuable time and expertise which allows us to do the job that we do. With the small staff we have, the support is much appreciated and has allowed us to grow from strength to strength. After the very successful year we have had, we look to the future and all the good work still to come that will allow us to make a difference for our member companies and for the benefit of the whole country.

FOR MORE INFORMATION ON THE INITIATIVES AND/OR ON MEMBERSHIP, PLEASE CONTACT HUGO VAN ZYL ON hugovz@saicb.co.za

ARTICLE: MEMEX

SAICB LEADS THE WAY....

It gives me great pleasure to wish the South African Insurance Crime Bureau (SAICB) well for the future having been in existence for the last two years. From its inception, Intelligence Risk Prevention (IRP) with its Intelligence product MEMEX has walked this journey and been involved with both the SAICB's major successes and all of its challenges.

As a company, IRP is proud to be associated with the most advanced data fusion centre in Africa. Under the leadership of its COO Mr Hugo Van Zyl, the SAICB has put into practice what most organisations in law enforcement, intelligence or large commercial organisations only dream about.

As it stands today, the SAICB receives daily, weekly or monthly downloads from 131 data sources including their member companies. They are currently able to search over 8 million records. This represents data fusion at its best. This data is processed on a continual basis for anomalies, fraudulent activities and a number of other services now offered by the SAICB to its members.

Over the last two years, we have been privileged to witness and be a part of the shifting sands that have taken place in the fraud prevention arena for the South African insurance industry. Together with Memex, SAICB is now offering its members not only real time data fusion, but also a set of services and products which is beginning to turn the tide away from reactive processes to a more proactive crime prevention platform.

"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change" Charles Darwin

In an article entitled Vision 2015 a globally network and integrated intelligence enterprise. Mr JM McConnell, the Director of National Intelligence in the USA, maps out the landscape for the intelligence community over the next 5 years. He makes no bones about the need to move away from the existing control and command type infrastructures to a more connected and

ARTICLE: MEMEX

collaborative environment. This brings to the fore an enormous change in the way law enforcement, intelligence and risk mitigation companies do business. The need to integrate data and expand the methods of collection, storage and analysis are paramount to his vision of a networked intelligence community delivering ever increasing sophisticated products to their respective communities

In effect McConnell is talking about sophisticated fusion centres focused on delivering services and products. He stresses the need for 3 major processes to be in place if the intelligence community is going to not only survive but triumph in the next 5 years. These are:

New adaptive collection processes: which emphasizes the dynamic allocation and reallocation of the collection, processing and exploitation of data. All this ensures a fully integrated processing and dissemination process which moves information quickly to its users or clients.

Collaborative analytics: ensures that the right people with the right skills however divergent they may be are able to deal with information overload with the use of sophisticated analytical tools. In this environment analysts are now expected to understand a broad spectrum of national and local security threats as well as having to deal with unprecedented amounts and types of information.

Strategic partnerships: Given the broad spectrum of threats affecting every industry it is impossible and unproductive to work in isolation. Sharing data, skills and processes is the only way to deal with the growing threats. Criminal syndicates are not bound by geography or region. A successful organization needs to have the capacity and ability to cast its net over the widest possible area bringing divergent data together in the most comprehensive way possible.

It is with a great sense of achievement that we can look at the SAICB and their vision for the insurance industry and be assured that what they are offering their clients is cutting edge technology together with innovative products which clearly fall in line with the most sophisticated data fusion centres in the world. In the insurance industry they are no doubt the world leaders. Most importantly they are positioned to confidently deal with the rapidly changing dynamics in the insurance industry.

The SAICB's success is driven by their people and their ability to act quickly. McConnell suggests that in the next 5 years 3 key components will stand out in defining successful organisations:

- a. **Aptitude:** The SAICB have the aptitude for anticipating, sensing and responding successfully to changes in the insurance environment. This ensures that what they deliver to their members is timeous and relevant.
- b. **Alignment:** SAICB have aligned their systems and communications to their clients specific needs. Their goals and objectives are clearly linked to focused mission achievements.
- c. **Agility:** SAICB have been able to reconfigure processes, structures, resources, products as the need has arisen. Their processes are constantly being re looked at and streamlined.

Given the latter it is not surprising that the UK Insurance fraud bureau visited the SAICB and IRP to discuss their vision for the British insurance industry and to adopt the best practices used locally for their organization.

We are confident that as the SAICB grows in stature and ability, Memex will be there to support their intelligence requirements, data fusion needs and product choice for decades to come.

THANK YOU TO DAVID COHEN FROM MEMEX FOR THIS ARTICLE, FOR MORE INFORMATION ON IRP AND/OR MEMEX PLEASE CONTACT HIM ON David.Cohen@memex.co.za

ARTICLE: DELOITTE

DELOITTE—INSURANCE FRAUDLINE

Deloitte Tip-offs Anonymous is proud to be associated with the South African Insurance Crime Bureau (SAICB) and the South African Insurance Association (SAIA) for the past 9 years – the last two years under the auspices of the SAICB and the previous 7 years through the SAIA, aiding them in their fight against fraud and crime in the South African insurance industry. Assisting companies in fighting fraud and crime is our core business and therefore our alignment with the SAICB is allowing us to achieve our core objective as well as ensuring that as a team we continue to make a positive difference in our country.

One of the serious current issues facing businesses today is occupational fraud. This was also confirmed by a recent global fraud survey- which included South Africa and other African countries - conducted by the Association of Certified Fraud Examiners where they stated that a typical organization loses 5% of its annual revenue to fraud. The media is filled with news and reports of scams, fraud and inappropriate behaviour within organisations. But this is only the tip of the iceberg. Unreported or undetected fraud is the real threat, like the 90% of an iceberg which lies below the surface, invisible and dangerous. Discerning captains of commerce and industry throughout the world are fully aware that even the best organisations are not unsinkable as they navigate their course through icy seas where there are many icebergs. But it doesn't matter whether you're the captain or the most junior crew member - hitting an iceberg could mean disaster for everyone.

According to Nicholas John, Chief Executive Officer of Deloitte Tip-offs Anonymous, statistics indicate that commercial crime reported had increased by nearly 30 percent since October 2009. John pointed out that people across the board were "living on the edge" as a result of the recent economic downturn that began to impact South Africa towards the latter part of 2009, so vigilance especially now was critical.

Deloitte Tip-offs Anonymous facilitates the insurance fraud and crime hotline service for the SAICB, which is a powerful, low-cost, 365-day a year, 24-hour fraud and crime-reporting subscriber service in a number of languages, which allows the general public and stakeholders of member company, government departments or state-owned enterprises to report incidents of fraud and crime in an anonymous and confidential manner. The service provides an independent third-party toll-free telephone, fax, email, website and freepost address which enables the general public and stakeholders to report unethical, criminal or other inappropriate behaviour in their organisation or observed/experience about other organisation/s or people. A report is then forwarded to the subscriber for action, in this instance the SAICB.

The Fraudline has been an integral part of the SAICB's service to the industry and to date, reports from the Fraudline has resulted in two cases being investigated by the SAICB and valuable information on possible fraudulent activities by individuals sent to the industry to review.

Recent economic trends in SA show that as GDP growth decreases, commercial crime increases. This indicates that there is very little money to put towards the economy which leads to consumers in debit and under stress to consider committing fraud and crime in greater numbers. In the current economic situation this trend is bearing out and the vigilance of the public and affected organisations is vital in turning the tide.

The present and future partnership between Deloitte Tip-offs Anonymous and the SAICB is an essential cog in the fight against insurance fraud and crime in the country.

THANK YOU TO KABEER ISMAIL FROM DELOITTE FOR THIS CONTRIBUTION. FOR MORE INFORMATION PLEASE CONTACT HIM on kismail@deloitte.co.za

CONTACT

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