

## C Exercise 2 (Track 19)

- Lance Woods:* Hi, I'm Lance Woods, Fraud Risk Manager here. You must be Jessica King. Pleased to meet you!
- Jessica King:* Oh hello Mr. Woods. Thank you ever so much for giving up your time for me!
- Lance Woods:* Hey, no problem. And call me Lance. We don't stand on ceremony here at Safe Hands, Jessica. Come this way and let's find a conference room. ... Right, this one's free, let's go in here ... Take a seat. What can I get you? Coffee? Water?
- Jessica King:* Some water please. Thank you.
- Lance Woods:* There you are. Right, so you want to know all about fraud for this project of yours. I could keep you here for days talking about it. Where would you like to start?
- Jessica King:* Could you give me some idea of the types of fraud you come across in ... say the motor side of things?
- Lance Woods:* That's a good place to start. Let me hit you with some statistics first so you understand the scope of the problem. It's estimated that last year in the UK fraudulent motor insurance claims – just motor insurance mind you! – were running at £ 5m a week! Just over the past three years, dishonest motor claims have risen by 70%.
- Jessica King:* Wow, that's costing the industry big money!
- Lance Woods:* You can say that again. I have four fraud investigation officers based here and they have their hands full. But it's costing drivers too. It puts on average an extra £ 40 a year on the premiums.
- Jessica King:* So what kind of fraud are we talking about? Organized fraud? Or Mr. Smith down the road claiming for damage that he caused himself?
- Lance Woods:* It runs from one end of the spectrum to the other. From people who are in a genuine accident and see how they can turn it to their advantage – for example, by claiming for a scrape on the paintwork that was already there, to huge scams involving lots of people. Have you heard of “crash for cash”?
- Jessica King:* No, what's that?
- Lance Woods:* That's when you make a claim for an accident that you caused deliberately. For example, there are gangs in this region who drive to a busy road junction or roundabout and suddenly perform an unexpected manoeuvre, which is designed to cause another motorist to crash into them. Then they make a fraudulent claim against the innocent driver.
- Jessica King:* Gosh, isn't that dangerous though? They could get hurt!
- Lance Woods:* Well, at junctions and roundabouts you can rely on the traffic going slowly. Actually it's quite easy if you think about it – you slam on your brakes and the poor soul behind rear-ends you. Then you get money for damages. This type of scam even has a name. It's known as a “staged rear-end” accident. And of course you can probably fake an injury – whiplash for example, always difficult for a doctor to diagnose for sure – and collect even more. You can even say there were more passengers than there really were, and everyone suffers from whiplash! Those are called “phantom passengers” by the way. You just need a couple of friends to go along with it.
- Jessica King:* Does that happen in this area too?

- Lance Woods:* Yes, Jessica, I'm afraid it does! Every day! And if it's possible, the driver in a crash for cash scam will go off and cause more damage to his car and say it happened in the original accident. That has a name too: "adding damage".
- Jessica King:* But there's nothing the average driver can do about this is there?
- Lance Woods:* The average driver should realize there's a possibility he's being ripped off and is actually a victim. If you carry a camera in the car, you can always record the damage to both vehicles and even the number of passengers in the other car. You can call the police to the scene. You can – and should anyway – always make sure there's quite a bit of room between you and the car in front.
- Jessica King:* I had no idea that these kind of scams were so common.
- Lance Woods:* Oh, there are variations. One of our policyholders pushed his car off a cliff and then reported it stolen. He was seen, unfortunately for him.
- Jessica King:* He'll have difficulty getting insurance again!
- Lance Woods:* He'll have a criminal record – and he'll have a lot of difficulty getting not only any kind of insurance in future but also any credit. He's an example of what we call an "amateur" in fraud. There are amateurs, opportunists and professionals in the fraud racket.
- Jessica King:* How do your fraud investigators get involved in the cases? What actually happens to make them think there's been a fraudulent claim?
- Lance Woods:* Usually what happens is that one of the claims handlers, or the Claims Manager will refer a case that they think may be suspicious. For example, a customer claims that a camera's been stolen from the boot of the car. The customer claims for the camera and nothing else. This is unlikely; how did the thief break into the boot without causing damage? Why hasn't the policyholder claimed for that damage?
- Jessica King:* Oh, the boot. I see. Yes, of course, that could be suspicious.
- Lance Woods:* ... Jessica, just a thought – how would you like to spend a bit of time with my investigation officers? You could even shadow one of them for a day.
- Jessica King:* Could I really? That would be incredible! I never expected so much help!
- Lance Woods:* No problem at all. Glad to help. If you'll just wait here, I'll see who's in the office today and bring him along and you can sort something out. Back in a minute ...