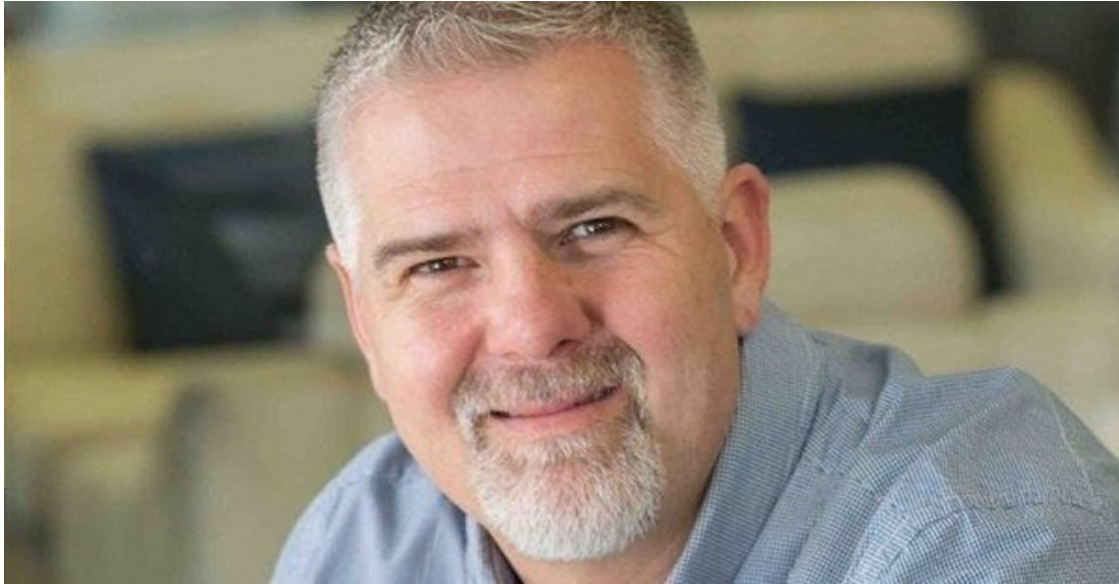


Life insurers predict fraud and crime surges for 2020 and 2021

Perhaps unsurprisingly, the life insurance industry has reported a rise in fraudulent claims during 2020, with other more sinister pandemic-related schemes likely to emerge in 2021.



Craig Baker, CEO, MiWayLife

The year 2020 was a landmark year in many ways – mostly negative, as the Covid-19 pandemic and its financial fallout ravaged South Africa and the world. This includes the life insurance industry, who say that they've seen a significant rise in fraudulent claims during 2020, no doubt due to the year's widespread financial hardship for many.

"We have seen an increase in fraudulent claims, as has the entire life insurance industry. "We generally experience this when people are under financial pressure but the level of upheaval related to Covid-19 will almost certainly increase the risk and we expect the final numbers to reveal an uptick in fraud for both the 2020 and 2021 years," says Craig Baker, CEO of MiWayLife.

Although the figures are not yet officially in for 2020, the Association for Savings and Investment South Africa (ASISA) reported in December that South African life insurers detected 2,837 fraudulent and dishonest claims to the value of R537.1m in 2019. This is likely to increase substantially for the 2020 year, he says.

Unique year

"2020 can't be compared to 2019 in terms of life insurance numbers any more than 2020 can be compared to 2019 in other areas – it really was an absolutely unique year. I don't think we can read too much into the statistics as official 2020 figures are not yet in and 2019 was so different to 2020. What we can look to is what we know of human behaviour. When times are hard and people are financially strained, they tend to push boundaries and bend the rules a little more than normal. The life insurance industry sees, time and again, that fraud increases when employment decreases and the economy is stretched. People are under financial pressure and this generally manifests in some chance taking," Baker says.

Unfortunately, this likely means things will stay the same before they get better. “Unfortunately, the financial strain caused by Covid-19 is still with us, for now. This means that fraudulent claims are likely to go up further in 2021 as we see the longtail effects of the economic strain ripple through the market,” he says

“We are also bracing for increased activity of syndicates in this space who will use the fact that there have been an increased number of deaths in 2020 as an opportunity to create fraudulent schemes through which they attempt to claim benefits,” he says.

For more, visit: <https://www.bizcommunity.com>