



FINANCIAL SERVICES AUTHORITY

Press Release

FSA and Insurers Launch Program To Fight Insurance Fraud

Date: 29th September 2017

The Financial Services Authority (FSA) is launching a program to FIGHT FRAUD to protect insurance consumers and policyholders. Developed by the FSA, in cooperation with the Insurance Association of Seychelles and the Seychelles Police, the program addresses the form, causes and impact of fraud on the insurance industry and policyholders' premium costs.

Insurance fraud undermines confidence in the insurance sector and increases premium costs when someone is paid insurance money they are not entitled to. As the insurance sector grows, so does the potential for fraud. Insurers find themselves continuously reassessing their processes and policies to manage and mitigate the threat of fraud. Early detection and prevention of fraud contributes to the soundness of the financial system in general and the insurance sector in particular.

Insurance fraud occurs when people deceive an insurance company or insurance professional to collect money to which they are not entitled. It is a criminal act requiring a material and intentional misrepresentation in order to obtain a benefit. At present, there are three categories of insurance fraud namely; internal fraud, policyholder and claims fraud and intermediary fraud. Intermediary fraud is committed by intermediaries, i.e., brokers, agents or sub-agents, against the insurers or policyholders and would include misrepresentation whereby the wrong information is intentionally given to the intermediary. Policyholder fraud and claims fraud are against the insurer during the purchase or execution of an insurance policy. Internal fraud is committed against the insurer by an employee. Each warrants attention not only because of its direct financial impact, but also because of reputation risk, supervisory requirements and ethical considerations.

The FSA recognizes the importance of the insurance industry in this initiative. New requirements have been defined to allow insurers and intermediaries to have a well-defined fraud monitoring and control policies with procedures for fraud detection, mitigation and reporting. Insurance companies and intermediaries will be required to deter, prevent, detect, report and remedy fraud. This includes documenting all suspected instances of fraud and referring them to the Seychelles Police Commercial Crime Unit and reporting to the FSA on such matters.

Mr. Lambert Woodcock, Charman of the Insurance Association echoed the same sentiment as the FSA. Mr. Woodcock expressed the following, *“Insurance claim fraud is a risk in itself and is a criminal offence. It comes in various forms; such as setting fire deliberately to own property, staging a motor accident, making misleading statements and falsifying documents are some of the most common challenges faced by the industry. Insurance claims fraud increases the premium rates and makes insurance more expensive for the consumers. There must be adequate mechanism in place to combat such behavior.”*

“An important part of the work of the FSA is the protection of the public. By helping policyholders and insurers fight fraud, we are working to keep insurance costs down for all Seychellois. This initiative requires the collaboration of all stakeholders, including the general public who make use of insurance services.” – Ms Jennifer Morel, Chief Executive Officer of the Financial Services Authority.

The fraud requirements to be upheld by the insurers comes into force as of the 4th day of September 2017. Members of the public can join the fight against fraud, and help keep premium costs down, by reporting fraudulent accidents, claims, or other behavior by:

Emailing: ins.fraud@fsaseychelles.sc

Writing: FIGHT FRAUD
c/o the Financial Services Authority
Bois de Rose Avenue
P O Box 991
Victoria, Mahe'

Calling: 4380 800

All reports will be treated confidentially.

The Financial Services Authority looks forward to the cooperation of the general public in ensuring the success of this initiative.