



Insurance
INSTITUTE OF EAST AFRICA

e-learning

INSURANCE FRAUD AWARENESS

A Companywide Fraud Training Course

HOME
AUTOMOBILE
BUSINESS
INSURANCE
LIFE
DISABILITY
MEDICAL
FIRE

Introduction

Insurance Fraud Awareness

Most people who purchase insurance and those who make insurance claims are honest. They know the value of insurance, respect it, and would never dream of cheating an insurance company in any way. Still, it's a sad fact that the insurance industry has for many years been a direct target for many fraud schemes perpetrated by insureds, third-party claimants, and others.

This course, **Insurance Fraud Awareness**, will help your team to understand the impact of insurance fraud and the part that they can play in identifying and preventing insurance fraud in their day-to-day operations.

Who Should Study this Course

This course is designed to provide a study of the crime of insurance fraud and the wide variety of insurance fraud schemes that have been contrived by fraud perpetrators.

Some insurance fraud schemes take place very early in the life of a policy, when the policy is being sold; others don't begin until later—some of them much later. A fraud scheme may be perpetrated when a change is made to the policy by the insured. Others may take place when the policy is renewed. Still others may not be planned or set into motion until a claim is made.

If insurance fraud is being set up or attempted, there are often opportunities for it to be discovered at any of those times. Consequently, this course will provide valuable information to employees working in the insurance industry, particularly if they among the many people whose work is associated in various ways with policy sales, policy changes, policy renewal, or claims on policies. This would include the following: -

- Claim professionals
- Insurance producers
- Risk managers
- Loss control specialists
- Underwriters
- Support personnel to those listed above



Learning Outcomes

On completion of this course you will be able to: -

- Promote awareness and understanding of the serious problem of insurance fraud and its widespread and costly effects on the insurance industry, policyholders, and the general public;
- Describe ways in which insurance fraud schemes are perpetrated;
- Discuss what is being done about insurance fraud;
- Explain how insurance professionals can recognize potential insurance fraud situations and what they should and should not do about them;
- Give examples of the types of people who commit insurance fraud and of the wide range of schemes they have used to falsely obtain money from insurance companies;
- Describe how those who work in various departments of the insurance company can help;
- Prevent fraudulent claims from being paid; and list common patterns that have been observed in insurance fraud cases and many of the indicators or “red flags” that insurance professionals use to alert themselves to possible fraud situations.



What is Covered

The Problem of Fraud

Learning Objectives

After completing this module, you will be able to:

- Describe the elements of insurance fraud;
- Explain the extent of the problem of insurance fraud and its effect on the insurance industry;
- Policyholders, and the public, and what is currently being done to resolve the problem;
- Identify measures being taken by insurance companies, insurance industry organizations and other entities to address the problem of insurance fraud;
- Identify the options available to citizens for reporting insurance fraud.

Who Commits Insurance Fraud

Learning Outcomes

After completing this module, you will be able to:

- Explain the difference between internal and external insurance fraud;
- Compare and contrast the characteristics associated with professional, semiprofessional, and opportunistic fraud perpetrators; and
- Describe common types of schemes committed by insurance fraud perpetrators.



Insurance Fraud at Policy Purchase

Learning Objectives

After completing this module, you will be able to:

- Explain how a high rate of fraudulent claims affects insurance companies and producers;
- Identify steps producers and underwriters can take when policies are purchased to weed out buyers that are likely to commit insurance fraud;
- Describe the elements associated with the three types of hazards and explain why they are of concern to insurance professionals;
- Identify specific policy provisions that may be grounds to void coverage or deny a claim when insurance fraud occurs;
- Define contract fraud and premium fraud and provide examples of each, and identify fraud indicators associated with contract and premium fraud.

Insurance Fraud at the Time of a Claim

Learning Objectives

After completing this module, you will be able to:

- Identify the parties in first and third-party claims;
- Explain how misrepresentation or false swearing by an insured or claimant can be grounds to void a claim;
- Compare and contrast the characteristics of padded, exaggerated, and fake insurance claims;
- Provide examples of ways insurance claims may be padded, exaggerated, or faked;
- Describe circumstances under which a claim for an arson fire would be covered;
- Identify the types of claim handlers; and
- Describe the basic steps involved in claim handling, including the appropriate steps to take when fraud is suspected.



Recognizing Potentially Fraudulent Claims

Learning Objectives

After completing this module, you will be able to:-

- Explain what a fraud indicator is and how a claim handler should respond when one or more indicators is identified;
- Describe how the elements associated with moral and morale hazards may prompt an individual to file a fraudulent claim; and
- Identify patterns that are common to fraudulent claims and provide examples of fraud indicators that exist within these patterns.

Recognizing Specific types of Potentially Fraudulent Claims

Learning Objectives

After completing this module, you will be able to:-

- Define the elements of the arson triangle and explain how they can be used to determine that a fire was intentionally set, and
- Identify fraud indicators that are common to specific types of fraudulent claims and provide examples of schemes that include these indicators

Healthcare Insurance Fraud

This module will provide the learners with thorough knowledge of healthcare insurance fraud in both the private and government sectors and techniques both the public and private insurance investigative professionals can utilize to combat it.

They will learn current scams committed by claimants and providers, the effects of this type of fraud, red flags for fraud recognition, and investigative tips. Completion of this course will provide them with an all-inclusive understanding of the scope of this problem, ranging from the simplest situations, to complex and sophisticated healthcare insurance fraud crime.

Other Courses

In this segment we also offer the following insurance fraud courses online:-

- Motor Insurance Fraud
- Healthcare Insurance Fraud
- Insurance Fraud for Claims Professionals
- Workers Compensation Insurance Fraud
- Life Insurance Fraud



INSURANCE FRAUD IS REACHING NEW PEAKS

**COMBATTING
IT DOESN'T
HAVE TO BE
CHALLENGING**



With the cost of Insurance Fraud reaching hundreds of millions of shillings annually, IIEA provides the resources to Combat Insurance Fraud through Education

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