


**Ghost Broking:
the not so phantom menace**

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Learning objectives

By the end of the webinar, participants will be able to:

- describe what ghost broking is and how it is impacting the insurance industry and customers.
- identify the red flags and typical tactics used by ghost brokers.
- explain the risks of ghost broking to clients and implement a strategy to counter the risks.

ABI figures

- A total of 469,000 insurance frauds were “detected” by insurers.
- 98,000 were fraudulent claims. 371,000 were dishonest insurance applications.
- The number of fraudulent claims detected fell 6% on 2017.
- The number of dishonest applications for cover rose by 5%.

What is application fraud?

Generally, application fraud covers these three key areas:

- Misrepresentation.
- Ghost broking.
- Identity.

What is ghost broking?

- A type of fraud through which an unsuspecting customer (though some policies are bought knowingly) is sold a fake insurance policy.
- The IFB states that ghost broking works as follows:
 - Policies are bought from legitimate insurance companies using false information and then altered before being passed to customers.
 - Fake policy documents designed to look like they have been issued by legitimate companies are created and sold on to customers.
- Another tactic is to take out a genuine policy and then cancel.

What is the scale of the problem?

- The City of London Police IFED have supplied the following figures for the period November 2014 to October 2017:
 - 850 reports linked to ghost broking.
 - Action taken in 417 cases.
 - Losses for individuals and companies totalled £631,000.
- IFED say that men aged 20 to 29 are most likely to be targeted and through social media (particularly Facebook and Instagram).
- However, the CII's research shows people over the age of 55 are also heavily targeted.
- Addresses in high net worth areas are likely to be targeted.

DON'T GET GHOSTED

Ghost Brokers use fake adverts to pose as seemingly legitimate sellers on social media, offering cheap car insurance before disappearing without a trace, leaving their victims out of pocket and often uninsured.

1 in 5 people have seen a suspicious advert for car insurance on social media.

1 in 3 18 to 24 year olds have seen a suspicious car insurance advert on social media.

Two thirds of people wouldn't check if a seller had a legitimate website before buying car insurance.

95% of Brits haven't heard of the term 'ghost broking'.

IFB has seen an 81% increase in new investigations into ghost broking since 2015.

In October 2018, IFB commissioned YouGov to conduct a survey of car insurance buying behaviour. The total sample size was 2088 adults, of which 1,495 had purchased motor insurance.

ifb Insurance Fraud Bureau www.insurancefraudbureau.org

What is the impact?

- People often don't know until they make a claim.
- For motor policies, the consequences can be severe:
 - points
 - fixed penalty notice
 - vehicle seized and possibly destroyed
 - loss of licence
- Personal loss for the customer.
- Reputational damage and financial loss for the insurer.

Some case studies

- Fake call centres and iPods for office noise.
- Wealthy addresses and cul-de-sacs in Scotland.
- Never too young to be a ghost.
- Coronavirus essential worker discounts.

➤ Red flags include the following:

- **Application fluency:** high level of familiarity with the application process.
- **Expert users:** the average customer doesn't use shortcut and function keys, unlike experienced fraudsters.
- **Low data familiarity:** cut and paste of data that should be intuitive.

➤ Behaviour-based identity proofing can be used without introducing friction into the user experience.

What can we do to counter the menace?

- Public education and awareness.
- Analysing behaviour *versus* verifying data (iovation).
- Cifas.
- Report the policy to Action Fraud.
- CII's Good Practice Guide: Ghost Broking for Claims Professionals.

CII claims handing guidance

- Contact the victim by telephone!
- Report the purchased policy to Action Fraud (the Police's national crime and cyber-crime reporting centre).
- Report the "broker" to the FCA.
- If there is a third party motor claim report client's and third party's claim to the MIB.

- Continue to investigate as liabilities may arise under the Road Traffic Act.
- Support the victim – signpost.
- Ghost broking is not traditionally seen as a claims issue but it is very much at this stage that it becomes a reality.
- We can all do our part to ensure that ghost brokers are no longer a reality at application or claims stage!

