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## In Focus: How can the insurance industry tackle ghost broking?

### Experts on insurance fraud debate how the industry can tackle the ongoing issue of ghost broking in the wake of the Covid-19 pandemic

**WE ASKED:** "How can the insurance industry tackle ghost broking?"

#### **David Royal, fraud manager, Aviva**

"Ghost broking is a fast growing form of fraud and the industry needs to invest in capabilities to detect, investigate and prosecute ghost brokers, to deter other would-be fraudsters and to protect customers from falling victim and paying for this fraud.

"Insurers can start by investing in improved detection and investigation capabilities. Aviva screens every personal and commercial motor insurance application for fraud and refers suspicious applications to a dedicated investigative team.

"Last year, we identified fraud on more than 29,000 motor policy applications, up 34% compared to 2019. Ghost broking accounted for approximately 20% of application fraud we detected.

"It is also vital that insurers collaborate and share intelligence and data with the market. Only by working together can we tackle problems such as [Google spoof ads](#).

"More education is required. Aviva proactively speaks to fraud victims, advising the avoidance of social media and messaging platforms, such as WhatsApp, to incept insurance policies. Victims are encouraged to check the FCA register in future so they don't fall victim to ghost broking again.

"Given ghost brokers' wide use of social media platforms to target consumers, we believe the [Online Safety Bill](#) is an important piece of legislation that presents a real opportunity to protect consumers when they are online.

"Worryingly, ghost broking is increasingly tied to identity theft and fraud. We are telling customers not to share personal banking information, identity documents, or their address with strangers.

"Finally, if customers believe they have been a victim of fraud, they should report it to the UK's national reporting centre for fraud and cyber crime, Action Fraud, or the Insurance Fraud Bureau."

#### **Matt Crabtree, head of financial crime strategy, LV= General Insurance**

"Ghost broking is really topical at the moment, as we've seen online insurance fraud rise considerably and have uncovered more ghost brokers in last two years.

"As a result of identifying ghost brokers, who were then dealt with by Insurance Fraud Enforcement Bureau (IFED), we've encouragingly seen a decline in the number of fake policies being taken out with us recently - but there is still lots more to do.

"For me, there are a few ways we can help tackle this crime as an industry. Firstly, it's crucial we help consumers keep up to date with the latest insurance fraud trends and provide information so they can understand the implications and ways they may be targeted by a ghost broker.

"Second is tackling the online sites ghost brokers use to advertise, which is why we also support the ABI calling on the government to include financial scams promoted by paid adverts in the [Online Safety Bill](#).

"Lastly, as an industry, we must continue to work together to share intelligence and root out the professional enablers behind fraud to ensure they are brought to justice.

"Fraudsters continually evolve and we need to be ready to adapt, to continue to disrupt and prevent their activity as an industry."

#### **Paul Mang, chief innovation officer, Guidewire Software**

"The ease with which criminality can be conducted online is forcing insurers to respond on a number of fronts.

"Regulation is one solution - the industry correctly [campaigns for online scam adverts to fall under the upcoming Online Safety Bill](#). Unfortunately, it appears that scams such as ghost broking will be omitted for now, so the industry must continue to advocate for new legislation as soon as possible.

"However, insurers cannot sit and hope for a change in the law. They must work with the major tech companies, through which most scammers first reach their victims.

"It was encouraging to see Google work with the FCA to certify companies advertising financial services on its platform. Similar good might be achieved by bringing together organisations such as the Insurance Fraud Bureau and technology platforms, to highlight and remove scams more effectively.

"Insurers also need to educate, but they must do it differently. Warning people of specific scams has its merits, but insurers will always be playing catch up.

"The industry should invest time into teaching its customers good practices to avoid falling victim to any scam, not just the one that is most fashionable with criminals in that moment."