

# INSURANCE MATTERS

AUTUMN/WINTER 2015



## TACKLING INSURANCE FRAUD

**A Londoner staged a burglary at his house in a bid to claim for £57,000 worth of jewellery and gadgets, which police later discovered when they raided his property.**

He was sentenced to a six month jail term, suspended for two years after pleading guilty to fraud, and was also ordered to undertake 100 hours unpaid work and pay £1,300 in costs and victim surcharge.

Insurers have been working hard for a number of years in order to counter such instances of fraud and hence keep premiums down.

Insurance fraud is not a victimless crime. The Association of British Insurers (ABI) states that detected fraud costs over £1 billion each year and adds £50 to each consumers' insurance premium.

However research from the ABI also shows that the number of fraudulent property claims, both domestic and commercial, dropped 29% to 24,533 in 2014, with a value of £108m, reflecting the "strong deterrent message hitting home to potential cheats."

Another example, the ABI highlights, is a case of a man who faked a burglary at his home in Bristol to try to get £30,000

from his home insurer. He reported to the police that laptops, computer games, jewellery and money had been stolen. He said that the thieves must have used his door keys, stolen from his bag at the gym. However his story unravelled when it was shown that one of the photos of the 'stolen' laptops was actually taken after the alleged theft took place.

A search of his home uncovered several items he claimed had been stolen. He received a ten month prison sentence, suspended for two years, and was ordered to do 270 hours of unpaid work at Bristol Crown Court, after an investigation by the City of London Police's Insurance Fraud Department.

James Dalton, Director of General Insurance Policy at the ABI, commented: "Insurers are determined to do whatever it takes to identify and take tough action against fraudsters to protect their honest customers. The vast majority of customers are honest and should not have to pay for the fraudulent minority. The insurance industry invests heavily in its counter fraud defences and the results are helping to keep motor and home insurance competitively priced."

There are various industry and government run initiatives that have been put into place to fight fraud including:

- The Insurance Fraud Bureau (IFB): a not-for-profit organisation specifically focused on the detection and prevention of organised fraud. Tackling cross-industry fraud, that insurers alone cannot eradicate, the IFB is working with the insurance industry and police forces across the UK to detect fraudsters and bring them to justice.
- The Insurance Fraud Register (IFR): an industry-wide UK database of known insurance fraudsters. It is an effective tool making it easier for enforcement agencies to detect and identify repeat offenders.
- The Insurance Fraud Enforcement Department (IFED): a specialist police unit dedicated to prosecuting insurance fraudsters. The unit takes the fight against fraudsters across England and Wales 365 days a year, with 1,150 arrests and voluntary interviews undertaken, and many court convictions secured in just three and a half years.
- The Government's Insurance Task Force: set up in January 2015 to investigate the cause of fraudulent behaviour and recommend solutions to reduce fraud.

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Insurance cheats are now more likely to get caught than ever before, whether they are making a dishonest claim or lying when applying for cover to get a cheaper premium, and face long-lasting and serious consequences.

Though fraudulent crime is still a problem to address, the government and insurance industry are working together to combat this, showing no let-up in the battle against insurance fraud, thereby helping to keep premiums “in check” for the honest policyholder.

Sources:  
<http://www.cityoflondon.police.uk/advice-and-support/fraud-and-economic-crime/ifed/ifed-news/Pages/Londoner-who-faked-burglary-to-make-bogus-%C2%A357,000-insurance-claim-for-valuable-is-sentenced.aspx>  
The Insurance Fraud Bureau  
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# SECURITY & ALARM OPTIONS FOR A HOME



**A family home is often said to be a castle and although you won't want to turn it into Fort Knox it is only natural to want to protect both your loved ones and your possessions.**

In addition to giving peace of mind, effective good security measures will complement home and contents insurance and will help secure competitive premiums from your insurer.

Almost 80% of burglaries are carried out by opportunists, not professionals, and almost always when the house is empty. If thieves have to take time getting in or risk being seen, then the chances are they will not bother.

The majority of burglars gain access through either the front or back door so securing these entrances are important. As well as having suitable locks on all doors and windows, simple tactics making your home unattractive to burglars will reduce the chances of being targeted.

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Make burglars work harder to get onto your premises by maintaining gates, hedges and fences as well as keeping doorways clear and unobscured by foliage, which could provide convenient cover for them. Good security lights will encourage thieves to find softer targets, while high value homes may

consider installing an intercom or video entry system.

Chubb Locks have provided a checklist of common weak spots that you may want to consider:

- front door - this should have a BS3621 Kitemarked 5 or 7 lever mortice lock with a cylinder rim lock. A door chain and door viewer for added security should also be considered.
- side and back doors - ideally fit a 5 or 7 lever BS3621 mortice lock, together with top and bottom door bolts.
- ground floor windows - windows are the most common point of forced entry, especially at the rear of the house. Fit window locks on all ground floor windows.
- upstairs windows - pay particular attention to upstairs windows that could be accessible from a flat roof, drainpipe, etc or which are protected from easy view by trees or fences. All vulnerable windows should be fitted with an appropriate lock.
- french windows / patio doors - fit appropriate locks to the top and bottom of doors.
- outbuildings sheds and garages - these often contain tools that would be useful for a burglar, so ensure all outbuildings are secured by an appropriate mortice

lock or padlock.

- security lighting - passive Infra Red lighting which is activated by movement offers a great deterrent to burglars as well as providing courtesy lighting for owners. This should be fitted on the front and rear of the house.

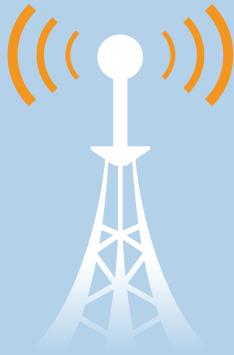
There are also different types of alarms available to protect a home. Whilst some people will opt for a simple dummy box in an attempt to fool thieves, others will want to have a proper alarm system fitted by a professional installation company that includes motion sensors or even CCTV.

Boxes should be plain and unbranded as a name can inform thieves of the system in use and allow them to try to bypass it. Shop around for an alarm and check whether your insurer endorses a potential solution. Usually they will recommend a system that is NACOSS approved.

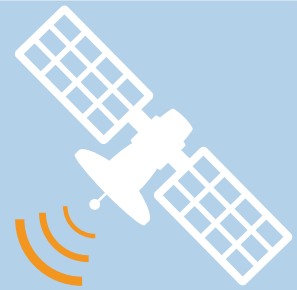
Please also ensure you set your alarm whenever you are not at home - otherwise you might invalidate your insurance cover if a burglary occurs.

You may be entitled to receive a discount on your insurance if your home security meets certain insurers' requirements. Check with us when you apply for, or renew a policy to avoid losing out.

Sources:  
<http://www.gblocksmiths.co.uk/security-health-check>  
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# THE RISKS AROUND DRIVERLESS CARS



## On 30th July 2015 the UK Government announced that driverless cars will be permitted on public roads from the beginning of next year.

The Department for Transport has made much of the advantages of driverless cars, including reduced congestion, greater road safety and more free time for drivers.

However, many experts have concerns over the cyber security of such vehicles. During a hacking demonstration orchestrated by technology magazine Wired, two hackers gained control of a reporter's Jeep Cherokee through the car's internet connection and drove him into a ditch.

The hackers sent commands through the jeep's entertainment system to its dashboard functions, steering, brakes and transmission.

As well as nuisance attacks and the deliberate causing of accidents, hackers could also find driverless cars an easy target for theft.

To a hacker it would be like leaving your

keys in the ignition when you leave your car. Criminals could easily drive away with thousands of pounds worth of vehicle.

Car manufacturers will find it difficult to keep pace with advances in hacking technology. Hackers no longer need access to an entire car to pick up on vulnerabilities. Sometimes all they need is access to just one component.

Should anything go wrong, the cost of repairing these vehicles is also very high.

According to The Actuarial Post, the average estimated price of repairing driverless cars after an accident is £170,000.

In addition, if there was a crash due to the malfunction of the automated systems, extensive software and hardware analysis would be necessary to determine the reasons for the crash.

The Actuarial Post continues to say, although the technology should become cheaper with advances in technical know-how, these costs and the expensive equipment and software may inflate car

insurance premiums, compensating for any reduction of accidents, and increase the demand for comprehensive policies.

There are also many other general potential implications for driverless cars.

With cars becoming fully automated, risk may be transferred from the driver or vehicle owner to the manufacturer, as accidents may be principally caused by malfunctioning of systems. This may force manufacturers to have to insure whole fleets of cars, instead of drivers insuring themselves.

However, with new cars making up only 10% of road traffic, The Actuarial Post estimated that it will take 20 years to replace all cars on the roads, if it happens at all. Also unless driverless cars are made compulsory there will always be people who will want to retain control of their vehicles.

Sources:  
<http://www.independent.ie/life/motoring/car-news/driverless-cars-are-facing-cyber-attack-threat-from-hackers-31427956.html>  
<http://www.v3.co.uk/v3-uk/analysis/2394924/driverless-cars-face-cyber-security-skills-and-safety-challenges>  
<http://www.actuarialpost.co.uk/article/driverless-cars-how-will-insurers-be-affected-6725.htm>

# PROTECTING WINE COLLECTIONS

**Having a collection of fine wines and storing them at home is becoming increasingly popular, with the most expensive lot of wine ever sold going under the hammer last year at Sotheby's for around £9,800 a bottle.**

Fine wines are also one of the best performing asset classes for investment. For some, buying high-end cases of wine could provide a very nice nest egg when invested properly and carefully.

When collecting wine it is often not just the quality of the wine itself that is of value, but the label too and general condition of the bottle. This is especially important if you are collecting wine as an investment as it will impact its resale value.

Steps should be taken to ensure you control the temperature, humidity and light where wine is stored.

Bright light can damage wine so it is important to store it somewhere dark. Humidity is important as dry conditions can dry out the cork and allow oxygen into the bottle. 70% is generally considered the ideal level of humidity.

Getting the temperature right is also vital. The cooler the storage, the longer it will take for wine to age. Just two days at 30 degrees centigrade can seriously

damage wine. Equally, if temperatures are too cold it could result in the cork popping out. 13 degrees centigrade is generally considered the ideal temperature.

However, even if the wine is stored correctly, many owners are still putting themselves at financial risk due to not having adequate insurance.

Many individuals undervalue their wine collection when assessing their home insurance requirements, or do not consider it at all.

Most household insurance policies will offer some cover for wine collections but, generally if it is not specified, a policy limit will apply which may be inadequate.

Enhanced household policies with specialist cover for wine will protect against typical losses including theft, water damage to labels and accidental bottle damage.

However it is worth noting many insurance policies will not provide cover due to climatic conditions or seepage, therefore damage due to failure of the cooling system or the corks may be excluded.

To obtain the best rate and cover for

wine collections they should be specified as a collection in your policy. When arranging your insurance be sure to tell us:

- the value of your collection - this should be reviewed every five years
- the number of bottles in the collection
- single article limits for high value bottles
- your home and cellar security
- climatic conditions of the storage area

With some wine collections selling for eye-watering sums, it pays to store and protect them as carefully as you would an antique or a piece of art.

Please contact us to add your wine collection to your policy or to review your wine insurance requirements.

Sources:  
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previous edition of this newsletter  
<https://www.hiscox.co.uk/home-insurance/cover-stories/guide-wine-store-wine/>

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Ingram Hawkins & Nock Limited  
The Old Dispensary  
Worcester Street  
Stourbridge, DY8 1AN

Tel: 01384 375555  
Fax: 01384 375223  
info@ihnsure.co.uk

www.ihnsure.co.uk

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