



# How can I reduce...

## ...the effects of fraud?

**Insurance fraud affects you, and you can help to reduce it.**

### INSURANCE FRAUD DRIVES UP PREMIUMS FOR EVERYONE

The insurance industry estimates that 10 to 15 cents of every dollar paid in premiums goes to paying fraudulent claims – totaling more than \$1.3 billion each year. This makes insurance fraud second only to the drug trade as a source of illegal profits in North America. Unfortunately, insurers have to pass these costs on to customers in the form of higher premiums. They also have to be more cautious in deciding what to insure, making it more challenging to get certain forms of insurance.

### THE INDUSTRY IS FIGHTING THE PROBLEM

Insurers are doing much more than raising premiums to deal with the costs of fraud. A number of industry associations are working together to fight the problem. The Insurance Bureau of Canada, The Canadian Automobile Association, and The Canadian Coalition Against Insurance Fraud are just a few of the groups helping to promote public awareness, better business practices

and improved investigative and enforcement techniques.

### YOU CAN BE PART OF THE SOLUTION

It's easy to sit back and say "There's nothing I can do to stop fraud." But there is something you can do. Insurance fraud is often the result of fairly routine manipulations of the system – a tow truck driver who recommends a garage and gets a commission for doing so, a service provider who bumps up a charge because they know the insurer is paying, or a paralegal who asks for a percentage of an insurance award. These may seem harmless to you, but they are part of the web of fraud schemes that are costing you money. When you see fraudulent activity, challenge the service provider directly or report the behaviour to the police.

### A VICTIMLESS CRIME?

People who commit insurance fraud like to justify their actions by saying it's a victimless crime. But it's not; the victims are policy holders who pay more, taxpayers who cover investigation costs and society as a whole which suffers the waste of healthcare resources.

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