

# Occupational Fraud in the Insurance Industry

The ACFE's 2020 *Report to the Nations* included **85 cases** of fraud in the insurance industry.



Median duration of a fraud scheme before detection



## MOST COMMON SCHEMES

43% CORRUPTION

24% BILLING

16% EXPENSE REIMBURSEMENTS

11% FINANCIAL STATEMENT FRAUD

## TOP 10 MOST COMMON ANTI-FRAUD CONTROLS

External audit of financial statements	91%
Internal audit department	90%
Code of conduct	85%
Management certification of financial statements	82%
External audit of internal controls over financial reporting	81%
Independent audit committee	80%
Hotline	78%
Management review	76%
Fraud training for managers/executives	72%
Anti-fraud policy	71%

## HOW ARE OCCUPATIONAL FRAUDS IN THE INSURANCE INDUSTRY MOST OFTEN DETECTED?



# Perpetrator Profile

INSURANCE INDUSTRY

## TOP 4 BEHAVIORAL RED FLAGS

EXHIBITED BY PERPETRATORS



34%

Living beyond means



31%

Financial difficulties



24%

Unusually close association with vendor/customer



24%

Control issues; unwillingness to share duties

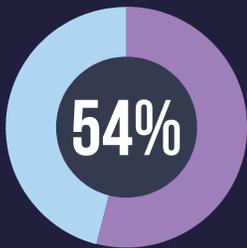


MEDIAN LOSS  
\$134,000

## TENURE

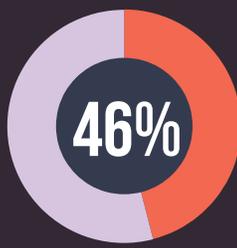
Fraudsters who had been with their organization for more than five years caused larger losses.

MORE THAN 5 YEARS' TENURE



\$98,000  
MEDIAN LOSS

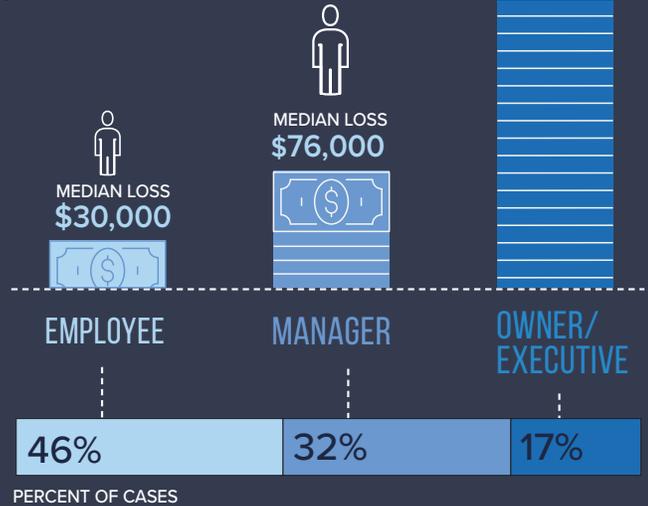
5 YEARS' TENURE OR LESS



\$37,000  
MEDIAN LOSS

## PERPETRATOR'S LEVEL OF AUTHORITY

Perpetrators in positions of authority cause losses that are much greater than those at lower levels on the organization chart.



## WHERE DID PERPETRATORS WORK WITHIN THEIR ORGANIZATIONS?

THESE WERE THE THREE MOST COMMON DEPARTMENTS.

Operations 24%

Sales 20%

Accounting 10%

## MEDIAN AGE

41

Losses caused by fraudsters above the median age were larger than losses caused by those below the median age.

