

UNISA College of Law and Centre for Lifelong Learning

# **COURSE IN INSURANCE CRIMES INVESTIGATION (77204)**



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## COURSE DETAILS

<b>Course code</b>	77204
<b>Admission Requirements</b>	Senior Certificate or an equivalent applicable NQF level 4 qualification and/or recognition of prior learning through work experience in the field.
<b>Course discipline</b>	Forensic Investigations
<b>Registration dates/periods</b>	January/February

## TARGET GROUP

Practitioners in public, private and corporate insurance sectors, such as fraud investigators, in-house fraud investigators and internal and external insurance assessors.

## BACKGROUND

The Insurance Crime Bureau estimates that in 2019 up to 20% of the R35 billion paid out on short-term insurance claims could have been fraudulent. This means that in 2019 alone the South African short-term insurance industry lost almost R7 billion to fraud. While opportunistic/individual fraud is easy to detect insurers have had to deal with professional insurance crime syndicates in recent years. Syndicates target insurers with well-coordinated and executed fraud strategies. Moreover, South African life insurers detected 3,708 fraudulent and dishonest claims to the value of R1.06 billion in 2018. The life insurance industry has reported a rise in fraudulent claims during 2020. The Association for Savings and Investment South Africa (ASISA) reported that South African life insurers detected 2 837 fraudulent

and dishonest claims to the value of R537.1 million in 2019. This is likely to increase substantially in future. ASISA found that South African life insurers detected 4, 287 fraudulent and dishonest claims worth R787.6 million across the board in 2021. According to ASISA, South African life insurers and investment companies detected 8, 931 cases of fraud and dishonesty in 2022. While losses worth R1.1 billion were prevented, the industry lost R77 million to fraud in 2022. As a result, the long-term insurance industry is also bracing for increased activity of syndicates in this space in terms of fraud, forgery, and other typical criminal and syndicate-related activity. According to the South African Insurance Industry Survey 2023 conducted by KPMG several financial institutions still do not have the right set of risk-based approach measures to identify the financial crime risks they are facing.

Insurance crime is increasing in both frequency and complexity, thereby causing significant challenges for insurers. Consequently, the way insurance fraud investigations are conducted is undergoing significant change. This change is mainly driven by the sophisticated and constantly changing modus operandi and strategies, which insurance fraudsters are employing in an era of information technology characterised by massive amounts of information. This compels insurers to constantly explore measures for mitigating their risks and outperforming fraudsters. Notably, the extent, evolution, and sophistication of the execution of insurance fraud has created the need for and dramatically expanded the role of fraud investigations. However, not all insurers have sufficient expertise in undertaking fraud investigations. Fraudsters are, in turn, becoming increasingly skilled at and knowledgeable about, searching for and taking advantage of any system or process weakness. As insurance crimes become more sophisticated, so too must insurers mitigate measures through improved investigative capabilities. With the many changing faces of insurance fraud, it is vital that insurers' internal fraud investigation units, as well as law enforcement investigative capacity, apply sound investigation principles to insurance fraud investigation.

Market research conducted with experts in insurance crimes at short-term and long-term insurers in South Africa confirmed the need for a course in insurance crimes investigation.

Statistics from the Insurance Sector Education and Training Authority (INSETA) Work Skills Programme (WSP) 2018/2019 illustrate almost 50,000 employees were working in the short-term insurance industry and more than 32,000 employees were working in the long-term insurance industry. Furthermore, INSETA identified a shortage of entrants with the required experience and skills in growing young professionals, especially in the insurance industry. In research completed in 2015, the following reasons were given to explain this difficulty:

- The education system is failing to produce work-ready job applicants.
- Needed skills are short in supply, making professionals and managers costly to recruit.
- In-house training is expensive and time-consuming.

A major obstacle that insurers experience is recruiting skilled personnel to assess and investigate claims. Assessors are appointed during the claims process to validate the merit and quantum of a claim. They are normally recruited primarily from the insurance industry because of their knowledge of insurance underwriting terms and insurance processes.

Forensic investigators are appointed to investigate all reports of insurance crimes. These reports are normally received from assessors during the assessment process or from alerts received. Forensic investigators are tasked with the investigation, collating of evidence, and reporting of criminal cases. Forensic investigators are generally recruited from the South African Police Services because of their experience and understanding of investigation methodology and criminal law. Whilst this is useful, there is still a need to provide insurance training to such investigators.

To balance client service and the risk of insurance fraud insurers have desktop claims validation processes. The employees used in this role are generally recruited from within the insurer's business because of their knowledge of the underwriting terms and insurance processes. They still lack knowledge in identifying insurance crimes.



## A UNIQUE COURSE NATIONALLY AND INTERNATIONALLY

In terms of the governance of insurers and according to the directive from the Financial Services Conduct Authority (FSCA) insurers are obliged to have processes in place to prevent, detect and respond to insurance crimes. This places a legal obligation on insurers to ensure they have adequate mitigating processes and qualified staff to address insurance crime.

Currently, no nationally accredited programme exists addressing insurance crime investigations. Programmes currently on offer in the market, provide some aspects of general fraud and commercial crimes investigation. However, these programmes do not address the investigation of insurance crimes, of which fraud is only one of the crimes that could be perpetrated when insurance crimes are committed.

Programmes in insurance at international universities are usually combined with studies in risk management and take years to complete. In many cases, these programmes include business-related courses in addition to courses in many areas of insurance.

## COMPETENCIES TO BE ACQUIRED FROM THE COURSE

### Analysis

Analyse problems through the application of investigative principles, methods, and techniques.

### Synthesis

Collect and categorize ideas and information using sustainability principles.

### Evaluation

Evaluate problems using methods to investigate insurance crimes.

### Application

Can apply insurance crime detection techniques accurately across problems varying in complexity.

## COURSE ALIGNMENT WITH THE UNIVERSITY'S VISION

This course aligns with the mission and vision of UNISA which is, "Towards the African university shaping futures in the service of humanity" and the core mission principles of "lifelong learning, student-centeredness, innovation, and creativity". This programme is pertinent in inculcating and diffusing the ability to solve complex challenges in a dynamic setting.

## PURPOSES OF THE SLP

This course will be useful to students in the public, private, and corporate insurance crime investigation environments who investigate short-term or long-term insurance crime and are looking to develop basic competencies or expand their knowledge of insurance crime investigations. This course will teach students the principles and art of short-term and long-term insurance crime investigations, such as basic insurance processes and terminology, investigative principles, methods, and concepts.

This course is aimed at developing investigation competencies regarding short-term and long-term insurance crime. The focus is on the practical investigative work of an insurance crime investigator who functions in the public, private or corporate environment. Furthermore, the course is also aimed at persons who are not yet working in the field but who are interested in a career in the investigation of insurance crime.

**Course fees** R12 000

### Course modules

(CICI01A): Foundations of Long-Term Insurance Crime Investigations  
(CICI02B): Foundations of Short-Term Insurance Crime Investigations  
(CICI03C): Fundamentals of Insurance Crime Investigation

## CONTACT DETAILS

### Course Lecturers

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