Insurers & Crime Protocol

On awareness, organisation, cooperation, prevention, investigation and settlement in tackling insurance fraud and other crimes

VERBOND VAN VERZEKERAARS

Zorgverzekeraars Nederland

This translation is provided for information purposes only. In the event of a difference of interpretation or a dispute, the original Dutch version of this document is binding.

This Insurers and Crime Protocol (2018) has been included by the independent Insurers Review Foundation (Stv) for use during the periodic self-regulation testing of the responsible trade organisations and for the Insurance Complaints Board (KKV). It is also attached as an appendix to the Regulations of the Disciplinary Board for Insurance. The 2012 protocol of the same name will lapse on the entry into effect of this protocol.

ZEIST, 4 JUNE 2018

Zorgverzekeraars Nederland

THE HAGUE, 20 JUNE 2018

VERBOND VAN VERZEKERAARS

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Introduction

Insurers are constantly, and in many different ways, confronted with crime. They compensate for material and immaterial damage and care costs caused by crime. They are also regularly victims of unlawful acts themselves or are otherwise – unduly – confronted with crime or its consequences in their business processes. Examples are insurance fraud, internal fraud, corruption, crimes that lead to recourse against the perpetrators, and cybercrime. Every manifestation is harmful to the industry, affects the integrity of the insurance business, and puts insurers to great expense. Ultimately, society as a whole pays the bill for this. Insurers feel they have a great deal of responsibility for actively preventing and combating crime.

Insurers believe it is fundamental that the level of crime control throughout the industry is such, that the chance of fraud and other crime is as low as possible and – where it does occur – is tackled as effectively and forcefully as possible. To achieve this, the insurers who are members of the Association of Insurers (*Verbond van Verzekeraars or Verbond*) and the Association of Dutch Healthcare Insurers (*Zorgverzekeraars Nederland or ZN*) have committed themselves to the standards in this Insurers & Crime Protocol since 2012. The Protocol applies to all of these insurers and is considered as binding self-regulation. The content of the Protocol was updated in 2018.

Considerations

*We, the insurers who are members of the ''Verbond van Verzekeraars' (**Verbond**) and 'Zorgverzekeraars Nederland' (**ZN**), are aware that:*

a) our organisations frequently come into undesirable contact with financial-economic crime and other organised or other forms of crime;
b) insurance fraud, in particular, is a form of common crime that undermines the integrity of and trust in our financial-economic system;
c) insurance fraud is often linked to other forms of crime and can endanger the security of people and property;
d) it is our social responsibility to combat fraud and other crime so the money entrusted to us is used for its intended purpose, and the integrity of our industry is protected;
e) we have various obligations under law and regulations with regard to sound business management and the prevention of abuse of business processes in committing or facilitating fraud and crime;

therefore conclude that:

f) an effective approach to fraud and other crime within our industry must start with awareness, prevention, sharing knowledge, and cooperation on a non-competitive basis;
g) it is important that, in this approach, we take our own responsibility and make optimum use of the instruments available under civil law, and where necessary also actively cooperate with public and private parties;
h) it is necessary to have an effective and integrated control structure in place in our own organisations when tackling fraud and other crime;
i) it is necessary to pay attention to fraud and crime control in all processes, including product development, contracting, acceptance, and claims handling;
j) it is important that this control structure is driven by, and receives continuous attention from, our management teams and Executive Boards;

k) this control structure must be based on a framework of standards, as stipulated in this Protocol, which is observed throughout the market.

Objective

The purpose of this Protocol is to bring the level of fraud and crime control at insurers operating in the Netherlands at the highest level and to keep it there. The aim is to minimise as much as possible the damage and risks resulting from fraud and other forms of crime for the industry, consumers, and society. To achieve this, this Protocol imposes rules and standards in respect of awareness, organisational aspects of and cooperation in fraud and crime control, prevention, data analysis, detection, investigation, and settlement of cases.

Principles

Based on this Protocol, the insurers apply the following principles to fraud and crime control:

1 adequate embedding of fraud and crime control in the organisation;
2 the best possible cooperation and information exchange with parties inside and outside the industry;
3 a strong and effective promotion of awareness and prevention;
4 effective detection, research, evidence, and data analysis;
5 a strong and efficient settlement of cases;
6 a systematic monitoring of and compliance with the above and its implementation.

Scope

'Insurers'

This Protocol is binding on all members of Verbond and ZN that offer private or commercial insurance products in the separate sectors of General insurance (incl. Income), Life assurance (incl. Funeral insurance with benefits in kind), and Healthcare insurance.

For every organisation referred to above, compliance with this Protocol is the responsibility of the entire company, meaning that it is not only aimed at employees who have a specific task in the field of fraud and crime control. Every employee within the organisation, whose cooperation is necessary to effectively implement the standards of this Protocol, can be addressed on the basis of this Protocol.

'Fraud and crime'

This Protocol is aimed at controlling and combating fraud and crime by insurers. For all the organisations referred to above, this includes insurance fraud, identity fraud, internal fraud, fraud by business associates, cybercrime, threats, corruption, and crime leading to recourse against perpetrators. In certain parts of the insurance industry, the Protocol also applies to tackling money laundering and the financing of terrorism, as well as crimes of which the resulting damage is an insured risk or is related to it, such as burglary, street robbery, vehicle and transport crime or hemp farms.

Duration and maintenance

The Verbond and ZN will check every five years – or as much earlier as they deem necessary – whether this Protocol needs to be amended.

We, the insurers who are members of the 'Verbond van Verzekeraars' (Verbond) and 'Zorgverzekeraars Nederland' (ZN):

1 Embedding fraud control and crime control in the organisation

1.1 We actively and structurally pay attention to fraud and crime risks and their management in all layers of our organisation, from administrative and management level upwards.

1.2 We ensure that the analysis and assessment of fraud and crime risks are part of our regular operational risk management.

1.3 We have a clear and up-to-date policy on internal awareness, prevention, detection, investigation and settlement of fraud and crime as well as on the industry's information exchange and cooperation required for this.

1.4 We guarantee the presence within our organisation of the facilities, procedures, and measures necessary for the effective implementation of this policy.

1.5 We ensure that incidents and data and risk data relevant to fraud and crime management are systematically registered and analysed within our organisation.

1.6 We have a recognisable and accessible department or officer who is responsible for the coordination of fraud and crime management, the related operational activities and the processing of personal data in that context.[1]

1.7 We guarantee that this department or officer is positioned independently, centrally and as high up in our organisation as possible and has autonomous powers of investigation and advice. This ensures that investigations and decisions on measures can always be made independently of commercial considerations and that, where appropriate, the integrity of our own employees can be investigated at all levels.

1.8 We ensure that the employees of this department or the officer have the adequate knowledge and skills and that we enable them to follow relevant training and education recognised at industry level.

1.9 We ensure that the employees of this department or the officer have a clear task/job description.

2 Collaboration within and outside the industry

2.1 Together with fellow insurers, we are united in the fight against fraud and crime.

[1] Each insurer is free to decide on the internal name of this department or officer. In the Protocol for Incident Warning System for Financial Institutions (PIFI), the person or department responsible for processing personal data for ensuring security and integrity is described as the '*Security Department ('employee)'*.

2.2 Under applicable legislation, we cooperate on a structural basis and exchange information within these frameworks with our industry organisations, fellow insurers, and other relevant bodies and parties.

2.3 We organise cooperation and agreements with parties to whom we outsource services in such a way that these parties also follow the policy for fraud and crime management that applies to our organisation, partly based on this Protocol.

2.4 We implement the cooperation and other agreements that the Verbond and ZN have made on our behalf with relevant public and private partners, such as the Public Prosecution Service, the National Police, supervisory authorities and interest groups.

3 Awareness and prevention

3.1 We continuously keep our employees aware of fraud and crime risks. In this context, we communicate systematically and actively within our organisation about the risks and about our activities, procedures, measures and results in controlling these problems.

3.2 We carry out a standard fraud-risk assessment of new and modified insurance products and business processes.

3.3 We actively work to prevent vulnerabilities – that could facilitate fraud and crime, whether intended or unintended – in our own organisation, the chain or society.

3.4 We always conduct an integrity screening before entering into an employment contract with employees or a cooperation with business relations. To do so, we use the available information structures of our own organisation, of our branch organisations and of other relevant authorities.

3.5 We are transparent in and clear and complete about the way we fight fraud and crime, the activities we undertake in this respect, and the measures we can take.

3.6 When entering into and executing an insurance agreement, we explicitly point out our fraud alertness and the possible consequences of committing fraud and crime in the forms and documents relevant to them (both physical and digital/on-line).

3.7 We actively contribute to communication initiatives from the industry aimed at making it clear to consumers and stakeholders that insurers are alert to fraud and crime, consider this to be unacceptable and are resolute in combating it.

4 Detection, research, evidence and data analysis

4.1 We ensure that all employees who may come into contact with signals that could point to fraud and crime know how to recognise/interpret these and how to act on such signals.

4.2 We ensure that forms and dialogues (physical, digital or web-based) to apply for insurance or compensation/benefits can always serve as 'evidence-based documents'. In this context, we ask the applicant a number of opening or closing questions to obtain an explicit declaration that the statement is true.

4.3 We systematically screen applications for insurance, claims, declarations or documents that must substantiate a change or a request for reimbursement for signals that warrant further verification or investigation.

4.4 We systematically use available internal and external information structures and sources to detect, investigate, prove and analyse fraud and crime or any suspicions or trends thereof . We do this both during the insurance process and afterwards, and both on an individual and an aggregated level within the frameworks set by the legislation.

4.5 To detect and substantiate fraud and crime or any suspicion thereof, we make structural use of support by the Centre for Combating Insurance Crime (*Centrum Bestrijding Verzekeringscriminaliteit* or CBV) and/or the Knowledge Centre for Fraud Control in the Healthcare Sector (*Kenniscentrum Fraudebeheersing in de Zorg*).

4.6 We are committed to the principle of reciprocity and therefore structurally report incidents or fraud investigations to the CBV or the Knowledge Centre for Fraud Control in the Healthcare Sector in accordance with the Protocol for Incident Warning System for Financial Institutions (**PIFI**). This enables these centres, among other things, to find common ground with other incidents, to alert us to current fraud and crime trends, and to effectively fulfil their coordinating role for our industry.

4.7 We ensure that investigations into natural legal persons and legal entities are always carried out in accordance with applicable legislation. This means, for instance, that we base every decision to initiate an investigation that touches the privacy of the person or persons involved on a careful and documented assessment (proportionality/subsidiarity) in accordance with the Code of Conduct for Personal Investigations.

5 Settlement

5.1 We register natural legal persons and legal entities in the event of established fraud and hereby comply with the requirements set by the PIFI with regard to the registration of persons in the Incident Register and the External Referral Register (**EVR**).

5.2 In the event of established fraud, we will, as far as possible, reclaim any benefits that have already been paid but that are not due.

5.3 In the event of established fraud, we recover, to the extent possible, the internal and external investigation and advisory costs incurred.

5.4 In accordance with the PIFI and the route agreed for this purpose, we always report detected cases of fraud to the CBV and/or the Knowledge Centre for Fraud Control in the Healthcare Sector.

5.5 We deal with fraud cases independently and under civil law wherever possible. In addition, we use criminal law, administrative law and disciplinary law in cases that meet the guidelines

agreed with the Public Prosecution Service, the National Police Service, investigation services, supervisory authorities and other relevant bodies.

5.6 After each fraud detection, we evaluate whether the preceding investigation has revealed a risk in an insurance product or business process. If this is the case, the management of the product or process in question is advised accordingly.

6 Monitoring and compliance

6.1 We structurally monitor our fraud and crime control activities and results based on predefined key performance indicators and discuss these annually at management and board level.

6.2 We assess our fraud and crime control measures annually on the basis of the results of (new) risk analyses and adjust them where necessary. Progress and shortcomings are reported at management and board level.

6.3 We periodically measure the degree of implementation and application of this Protocol and the level of fraud and crime control within our organisation. At the request of the Verbond or ZN, a self-assessment is carried out at least every two years.

6.4 Based on our management figures, we report our fraud and crime control results to the Verbond and/or ZN each year.

Further elaborations

The articles in this Protocol may be elaborated further by the Verbond and/or ZN in the form of 'further details', whether or not for each separate industry. In that case, it is indicated whether the further detailing concerned is compulsory or optional/advisory in nature.

Role of industry associations

The industry organisations – Verbond and ZN – support insurers in their efforts to control fraud and crime. This support is provided by developing policy for the industry or parts of the industry on the one hand and by providing operational services and coordination on the other. They do this with due observance of the applicable legislation in the area of processing data, including personal data, and competition.

Both industry organisations have set up specific centres for this purpose, the ‘CBV’ and the Expertise Centre for fraud control in Health Care (*Kenniscentrum Fraudebeheersing in de Zorg*), respectively. Both centres:

- support insurers in becoming aware of, preventing, detecting, investigating, analysing and settling insurance fraud and other crimes;
- identify current fraud and crime trends and common threads between incidents for insurers, based on data or available information sources;

- perform a coordinating role among insurers and between insurers and other relevant parties when tackling fraud and other crime;
- represent the interests of their members with regard to public and private partners and partners in the chain and make agreements with these parties on behalf of the industry or parts of the industry where necessary;
- where necessary, provide examples, practical guides and/or guidelines that contribute to a streamlined approach of insurance fraud and other crimes, on the basis of which insurers can design their business processes and procedures in a manner that does justice to the provisions of this Protocol;
- periodically measure the degree of implementation and application of this Protocol and the level of fraud and crime control in their industry sector or sectors;
- report on the results to relevant bodies within their organisation and, with the consent of these bodies, to relevant stakeholders, partners and partners in the chain;
- actively communicate on behalf of the industry sector or sectors to society about the way in which the industry sector or sectors control insurance fraud and the way in which are involved in preventing and combating other general and organised crime;
- jointly manage this Protocol.

References

For an up-to-date overview of applicable legislation, cooperation agreements, 'Further elaborations' and other information relevant to the implementation of this Protocol, see

- the website and/or the member net of the ‘Verbond van Verzekeraars’ (for general insurance, life assurance and income protection insurers);
- the website and/or the member net of ‘Zorgverzekeraars Nederland’ (for Healthcare insurers).