

FRAUD – September 2016

Supreme Court decisions on fraud

The Supreme Court has made two recent decisions on fraud that should be of interest to all those involved in the insurance industry. The first is the case of *Versloot Dredging BV v HDI Gerling Industrie Versicherung AG*, where the Supreme Court found that the use of a fraudulent device (reckless untruth to support an otherwise valid claim), which it described as a "collateral lie", did not constitute a fraudulent claim. In practice, it means that a claim is still valid and payable even if some of the evidence in support is false. See out [briefing](#) for more information.

In the second case, *Hayward v Zurich Insurance Company plc*, the Supreme Court unanimously held that a settlement agreement could be set aside for fraudulent misrepresentation, even if the insurer had suspected fraud at the time it had entered into the agreement. This was a case where the insurer suspected fraud but had decided to settle because of the risk that, in the absence of compelling evidence, the judge may believe the claimant. See our [briefing](#) for more information.

Suspended jail term for "ghost broker"

A London-based [ghost](#) broker has been given a 21 month suspended sentence for attempting to defraud 25 companies of over £39,000. He took out several fraudulent motor insurance policies between October 2010 and April 2012 and submitted fraudulent injury claims to insurers based on fake collisions. The City of London Police's Insurance Fraud Enforcement Department (IFED) and the Insurance Fraud Bureau (IFB) worked together sending a clear message of commitment to tackling fraud.

IFED, 19 August 2016

Former broker jailed over conspiracy to defraud Willis

A former broker for maritime [insurance](#) at Willis Towers Watson and his partner have been jailed over a conspiracy to defraud Willis by lying about commissions. Together they defrauded Willis of \$2,300,000 over a ten year period by making false statements concerning a sham third party introducer.

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