

THE INSURANCE CRIME BUREAU

INTELLIGENCE THAT WORKS

ANNUAL REPORT 2018





The Insurance Crime Bureau now enters its
TENTH YEAR of successful operations,
and has grown in both reputation and stature
into a formidable organisation fighting
INSURANCE FRAUD AND RELATED CRIME.

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INTRODUCTION & MANDATE

Created in 2008 to combat Insurance Fraud and Organised Crime in South Africa, The Insurance Crime Bureau advocates a set of values and responsibilities, geared towards the benefit of both the Insured and Uninsured public. These principles guide and inform the way in which we manage and conduct our affairs, and they also serve as the standard against which we measure our performance.

As a Member of The Insurance Crime Bureau you show your commitment to our inherent belief in Ubuntu, the spirit of which is deeply rooted in African ideology is vested in the advancement of public interest and shared community responsibility. This belief in humanity has forged a national consciousness towards nation building and transformation.

In the pages that follow you will see that although the financial returns are significant, this is not our only measure of success, and that together through **“Intelligent Partnerships”** we can make a difference in tomorrow’s South Africa.





UNCOVER THE FACTS

The Insurance Crime Bureau is a non-profit company dedicated to fighting organised insurance crimes and fraud. Since our inception in 2008, The Insurance Crime Bureau has made a significant impact on both the short-term insurance industry and society as a whole. We do this by bringing together the collective resources of insurance companies, law enforcement agencies and other stakeholders to facilitate the detection, prevention and mitigation of insurance crimes as well as assist in the prosecution of repeat offenders and fraudsters through ongoing insurance fraud investigations.

OUR COMPANY VALUES

- To ensure that the short term industry **stands together** to fight organised crime.
- To reduce the **financial effects** of syndicate behaviour in the industry by decreasing organised crime.
- To continue to demonstrate that we are **collaboratively** and **actively** addressing crime and fraud in the industry.
- To demonstrate to **stakeholders, partners and members** that the industry is standing together to fight organised crime, thereby increasing “the force”.

OUR VISION & MISSION

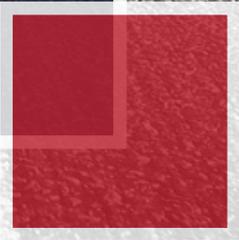
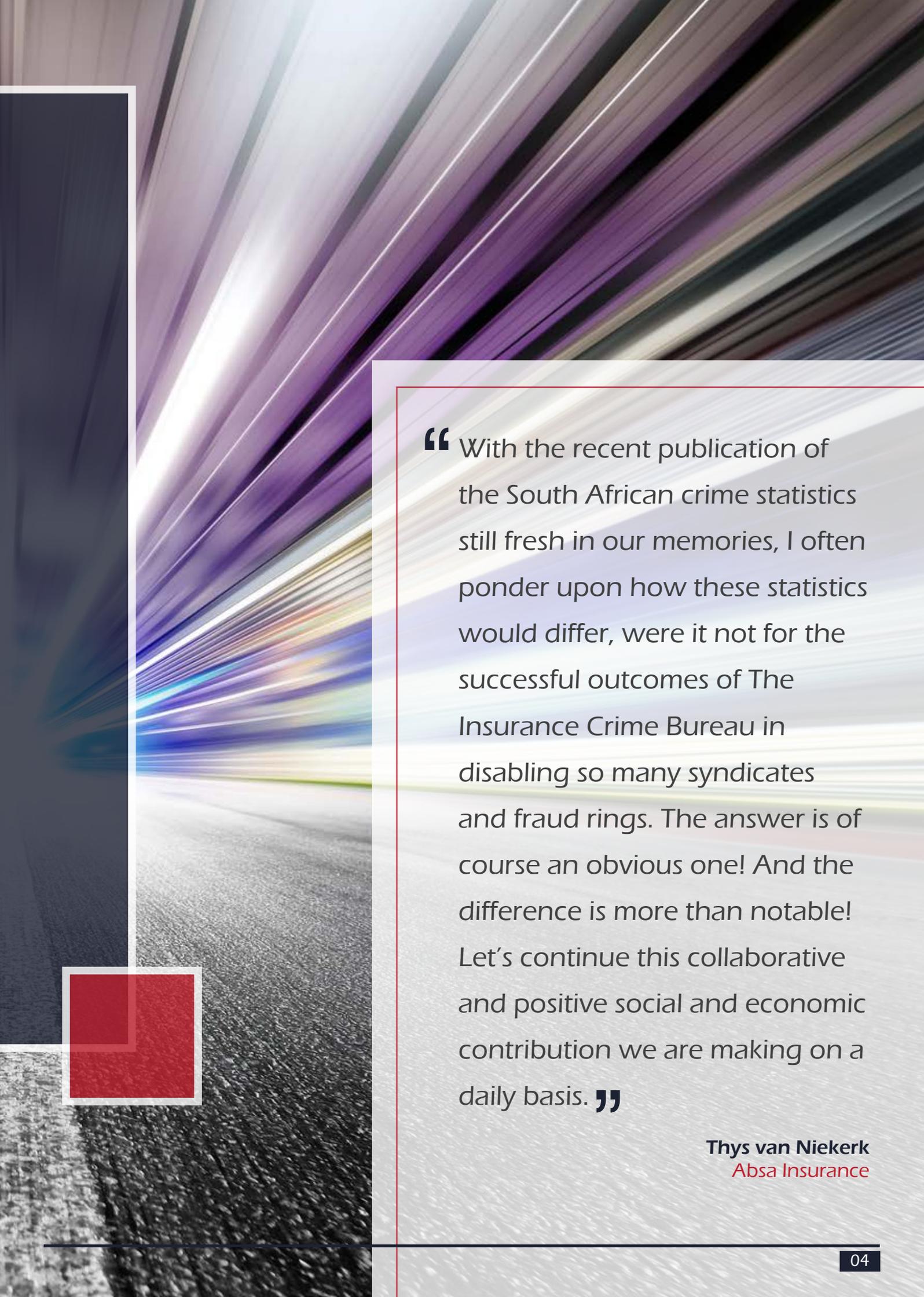
The Insurance Crime Bureau was formed to address the rise of organised crime syndicates who use insurance fraud as a way of making money.

OUR VISION

The Insurance Crime Bureau was established in 2008, to be the intelligence hub and leading authority on organised crime, operating within the Insurance Industry.

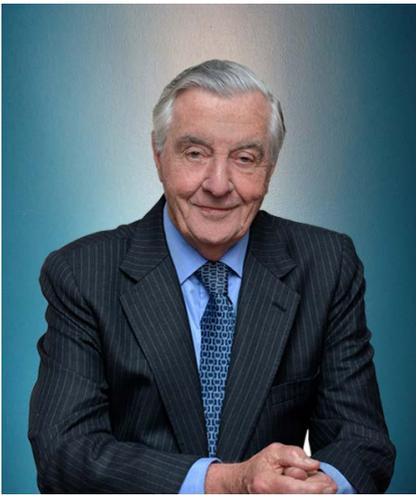
OUR MISSION

The Insurance Crime Bureau aims to achieve its vision through the consolidation of multiple data sources, the deployment of relevant and specialised skills along with unique technology, all to promote collaboration and provide intelligence to detect and prevent insurance related fraud and crime, with the end goal of obtaining convictions and recoveries.



“ With the recent publication of the South African crime statistics still fresh in our memories, I often ponder upon how these statistics would differ, were it not for the successful outcomes of The Insurance Crime Bureau in disabling so many syndicates and fraud rings. The answer is of course an obvious one! And the difference is more than notable! Let’s continue this collaborative and positive social and economic contribution we are making on a daily basis. ”

Thys van Niekerk
Absa Insurance



Ronnie Napier
The Insurance Crime Bureau - Chairman

CHAIRMANS REPORT

The Insurance Crime Bureau celebrated its tenth Anniversary as an organisation this year, and the Board is confident that it has made enormous strides in the last few years to fulfil its objective to fight organised crime in the insurance industry. 2018 has been a year of both growth in what we do as well as strategic positioning with real progress being made in both of these areas.

During 2017, the Board developed and approved a 5 year strategy for the organisation and the last twelve months have been spent in successfully implementing Horizon 1 of this plan. The areas within this first phase included the development of the brand, the growth of membership to include the life insurance industry, cementing relationships with existing members and stakeholders, as well as developing new memberships to grow our capital base. In addition we have strived to achieve strict Governance and Transformation targets and have made good progress in both of these areas. Consequently in evaluating the performance of the management for the last year, the Board is of the opinion that the organisation has done well in materially achieving the goals set out above, building a clear path into Horizon 2 of the strategy.

In my report last year I mentioned in some detail how our Return On Investment (ROI) evaluation developed for the information of our members and that this measurement was central to demonstrating the real value to its members. The ROI for our members during the last financial year has been exceptional. This enables The Insurance Crime Bureau to continue to build a relevant reserve to ensure its financial stability and sustainability as an organisation.

However important as the ROI is to members and prospective members to demonstrate the full value of what we do we have also achieved an indirect benefit to the uninsured public of South Africa. To express this in real terms the organisation recovered over R135 million worth of vehicles for the uninsured

public over the last few years, and these vehicles have been returned to their rightful owners at no cost to the owner.

It is our belief that this shows that the insurance industry cares about the uninsured public of South Africa and we will continue assisting with the recovery of uninsured vehicles, as well as expanding on other similar projects, as we believe it is the right thing to do.

One of the things that has become clear in the last year is that if we are to be successful in fighting crime in South Africa then the insurance industry has to be in partnership with Government to fully utilise all of our available resources in the most effective and meaningful way. The Insurance Crime Bureau has been successful in a number of projects with the SAPS and Government over the years and is continuing to expand its network in this regard which will further enrich our successes.

The Board has been extremely active in developing the strategic plan for the organisation going forward and I extend my thanks and gratitude to all of the Board members who have participated in this process which has led to the current success.

Equally, management have been highly successful in implementing the strategy and doing what they do best which is fighting organised crime, and I must applaud them for their commitment and dedication. I must also thank all the Companies that are Members and Associate Members who continuously support us in what we are doing.



Garth de Klerk
The Insurance Crime Bureau - CEO

VIEW FROM THE CEO

The organisation's strategy remains strong and relevant. After successfully achieving the objectives set in Horizon 1 we are now progressing with the design and implementation of the objectives under Horizon 2. These objectives are focussed on fully utilising our data assets, as well as securing our already recognised position as the "credible go to" organisation in the Insurance Industry with regards to fraud and related crimes.

The Insurance Crime Bureau has had another great year demonstrating fantastic growth which in turn produced solid financial results, while the ROI to Members continues to perform beyond our normal expectations.

Financial Returns Life To Date	
Members:	R 432 million
Non Members:	R 176 million
Un-Insured Public:	R 135 million
Total:	R 743 million

Key Financial Figures as at the 30 th June 2018	
Total Revenue:	R 30 217 410
Expenses:	R 28 399 650
Surplus:	R 1 817 760
Retained Surplus:	R 5 764 317

RETURN ON INVESTMENT (ROI) FOR MEMBERS	
314%	as a Life to Date average. Up 76 percentage points from 2017.

LIFE INDUSTRY SAVINGS	
R 151 MILLION	over last three years.

Our successes have shown that the partnership model is the best way to derive full efficiency from industry resources and to effectively deploy solutions. We will continue to look for opportunities to collaborate wherever possible to provide more effective solutions to all of our stakeholders.

Fraud and physical crimes in South Africa remain challenging. The statistics in this report reflects that while some of the crimes seem to have stabilised, the overall picture remains concerning. It is thus imperative we join forces with Government in order to provide South Africa with a truly holistic crime combatting solution.

To achieve our vision, efforts are being focussed on closer relationships with Government including law enforcement agencies such as the SAPS, FIC, FSCA RTMC, NPA etc. In various projects we are offering them resources & services aimed at developing conduits of information where they may not have the existing access. Through the results of these projects I am continually reminded of the importance and potential of being one of many.

In closing we are looking forward to 2019 as we start to work on expanding our scope of influence further into the Financial Sector in South Africa, as well as considering some projects into Africa, while also studying the rapidly emerging cyber risks and how we can play a role in developing solutions.

Our key theme for 2019 will be building on **Intelligent Partnerships**, so take the opportunity to join us as a partner as we continue to strive to make South Africa safer for all of its inhabitants.



Hugo van Zyl
The Insurance Crime Bureau - COO

VIEW FROM THE COO

The Insurance Crime Bureau began with a membership of 10 short term insurers which was really the minimum required to create a sustainable initiative. This membership pool then grew to 16 in 2015, and has now expanded to 26 in 2018 including both Short and Long Term Insurance Companies. This growth, which is the result of a well-planned expansion strategy, is not the only thing of which we can be proud.

We have continued to develop excellent strategic relationships with a variety of Government departments and numerous other stakeholders. One of the key achievements over the last 5 years is the broad recognition as the nodal point with regards to combatting vehicle crime in South Africa.

This is underpinned through the signature of a “Public Private Partnership” with SAPS in which the following key problem areas are targeted:

- **Cloned vehicles by preventing the registration of stolen vehicles using salvage records.**
- **Improving the recovery and detection rate of vehicles.**
- **Skills development within the vehicle investigation environment.**
- **Reduction of cross border related vehicle crime.**
- **Proactive projects aimed at vehicle crime hotspots.**
- **Enhancing the intelligence gathering process related to vehicle related crime.**
- **The active tracing and apprehension of suspects sought by The SAPS.**
- **Relevant disposal of exhibits.**

During a feedback session from The National Vehicle Crime Commander of The SAPS, it was stated that “if it was not for the involvement of the Insurance Crime Bureau in the vehicle crime space, the vehicle crime situation in South Africa would have been much worse.”

The successes experienced in projects such as the “Bait Car” and SAPS Pound Initiatives are obvious, with many fantastic stories to be told where uninsured people have been reunited with their stolen vehicles.

The number of pound clean-up operations has grown significantly from the first operation in 2010 and we are now officially recognised as a partner to The SAPS.

Permanent staff of The Insurance Crime Bureau are employed in 2 of the bigger SAPS pounds, where they are of assistance to both the industry and public. In the months of July and August 2018 vehicles in excess of 12 million rand were handed back to uninsured South Africans.

The MOU with the Gauteng Department of Roads and Transport (GPDRT) has proven to be very successful and we are currently expanding the scope of the MOU to include additional key objectives, which will be beneficial to both the GPDRT and the Industry.

Ongoing projects with the Government’s Road Accident Fund has resulted in the sharing of over 400 000 claims, which is of course hugely beneficial information to access, and millions of Rands were saved for the RAF through these initiatives.

The Insurance Crime Bureau has built a strong brand of trust & integrity and is recognised as enabling broad co-operation between relevant related parties. We are widely recognised as experts in the field of combatting fraud and related crimes, and we are often requested by various industries and Government departments to transfer knowledge by providing structured training which further adds value to the identification of systemic and syndicated crimes.

It is truly a pleasure to be part of the executive team of The Insurance Crime Bureau, and it is an honour to be associated with the individuals involved in its successes.

“ In the past year, we at Hollard have seen enormous successes in terms of fighting syndicated crime in both the short term and life industries. A special thanks to the team for their momentous efforts in collaborating with all stakeholders and achieving the incredible results that they have. The passion, dedication and energy displayed by the team is amazing, and the commitment to ensuring that the strategic goals of The Insurance Crime Bureau is achieved must be acknowledged and commended. Thank you to The Insurance Crime Bureau for having the industry’s best interest at heart – you’re ensuring a better future for all South Africans in your ongoing fight against insurance crime. ”

Michele Peach
Hollard

THE INSURANCE CRIME BUREAU BOARD OF DIRECTORS



Ronnie Napier
The Insurance Crime Bureau



Garth de Klerk
The Insurance Crime Bureau



Hugo van Zyl
The Insurance Crime Bureau



Themba Baloyi
Discovery Insure



Helen du Toit
Santam



Burton Naicker
Outsurance



Cloud Saungweme
Bryte



Gary Slater
Old Mutual Insure



Michele Peach
Hollard

One of the things that has become clear in the last year is that if we are to be successful in fighting crime in South Africa then the insurance industry has to be in partnership with Government to fully utilise all of our available resources in the most effective and meaningful way.

Message from the Board Directors

“ Organised crime has no place in the Insurance industry thanks to The Insurance Crime Bureau and its team of dedicated, professional and passionate investigators. The Insurance Crime Bureau has not only, directly and indirectly, saved the Industry as well as its consumers millions of Rands by helping to combat organised crime, but they continue to assist numerous Insurance Companies, and South Africa in the identification and subsequent prosecution of these perpetrators.

The elimination of Insurance fraud and the related crimes within the insurance industry remains our main priority. Thank you to the Insurance Crime Bureau for having created the platform to share, consolidate and cross reference data which has been the ultimate driver in crime detection. ”



JP Human
Telesure



Edwin Naicker
Standard Insurance Limited



Nico Esterhuizen
SAIA



Thys van Niekerk
Absa Insurance Company



Yugeshree Mankum
The Insurance Crime Bureau
Company Secretary

OPERATIONS REPORT



Louwrens Liebenberg
The Insurance Crime Bureau
Senior Project Manager

It has been an excellent year for The Insurance Crime Bureau producing extremely positive ROI results. The increase in memberships has allowed for additional financial resources, as well as staff, whilst also increasing the availability of data and access to industry resources, thus increasing our proactive intelligence gathering capabilities.

Our relationships with the SAPS and other Government departments has continuously strengthened. These relationships are producing meaningful results in terms of tactical successes and arrests, ultimately improving our insured risk environment.

In 2018 we took the decision to increase our physical presence in the SAPS pounds, by both employing permanent resources as well as taking on additional pound projects. This investment has resulted in a return in excess of R 105.5 million, which is measured at an average salvage value of 40% of the vehicles released.

Quality data remains a challenge, and this is something that we are working on internally via a reworked data model including more extensive analytical processes to ensure early detection of syndicated fraud. Technology is obviously a crucial element of the future, and we are continuously looking to deploy smarter detection initiatives to improve our fraud detection findings. Our challenge is the more fraud we detect the more capacity is required to pursue and prosecute criminals.

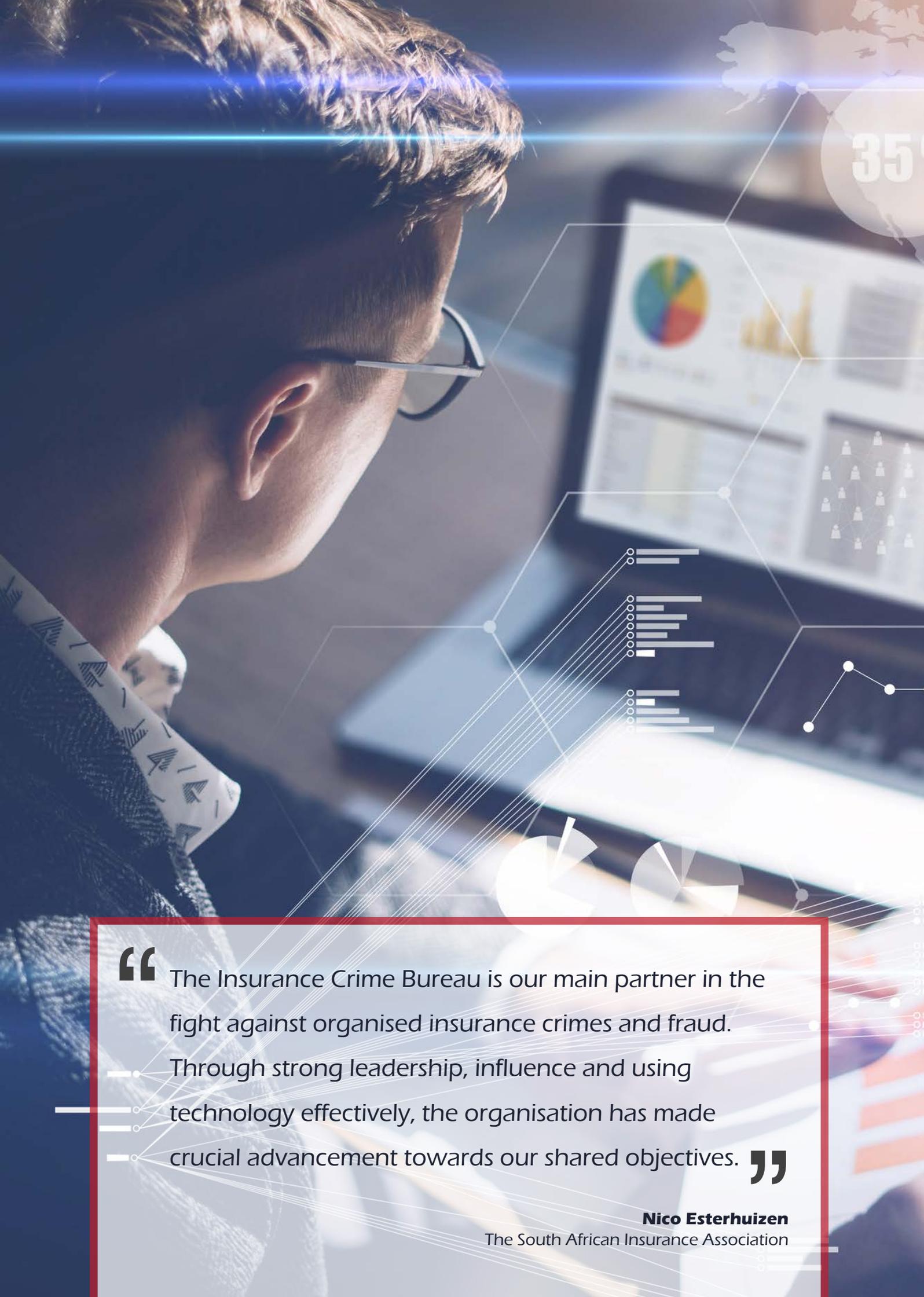
Providing training has been a key focus in 2018 as we look to roll it out as a “product”, again resourcing and time is our enemy. However, we are finding that not only creating the networking and awareness is paying off, but more and more often we are actually uncovering fraudulent activities during the training sessions with some of the syndicate networks valued at multi-million Rands. There is no doubt as to the benefits to be had in sharing experiences in the industries.

The Life and Funeral industry has again experienced solid growth in the past 12 months. We have now expanded to be a significant role player in this industry. This growth again allows for the collation of improved quality data, which in turn creates the ability to effectively identify fraud & murder syndicates. We now have 6 Life members as at end of June 2018. Unfortunately some of the larger players are still for various reasons late adopters which is frustrating, however we are confident that as they see the potential value in not only the financial benefits but also the societal responsibility they will join the community.

Lastly we are looking at how do we properly illustrate the “Return on Effort (ROE)” for the organisation as regards training, networking, uninsured successes, arrests, convictions, law enforcement and government relationships and projects etc. As all of these factors add value to our environment and make for a better future but without a definitive financial quantum.

So there is definitely enough going on to not only keep the team more than busy, but more importantly to ensure that The Insurance Crime Bureau remains relevant while continuously expanding its influence.





“ The Insurance Crime Bureau is our main partner in the fight against organised insurance crimes and fraud.

Through strong leadership, influence and using

technology effectively, the organisation has made

crucial advancement towards our shared objectives. ”

Nico Esterhuizen

The South African Insurance Association

CASE CORNER

PROJECT MISFIT: IDENTITY THEFT & SOPHISTICATED SYNDICATED VEHICLE FRAUD.

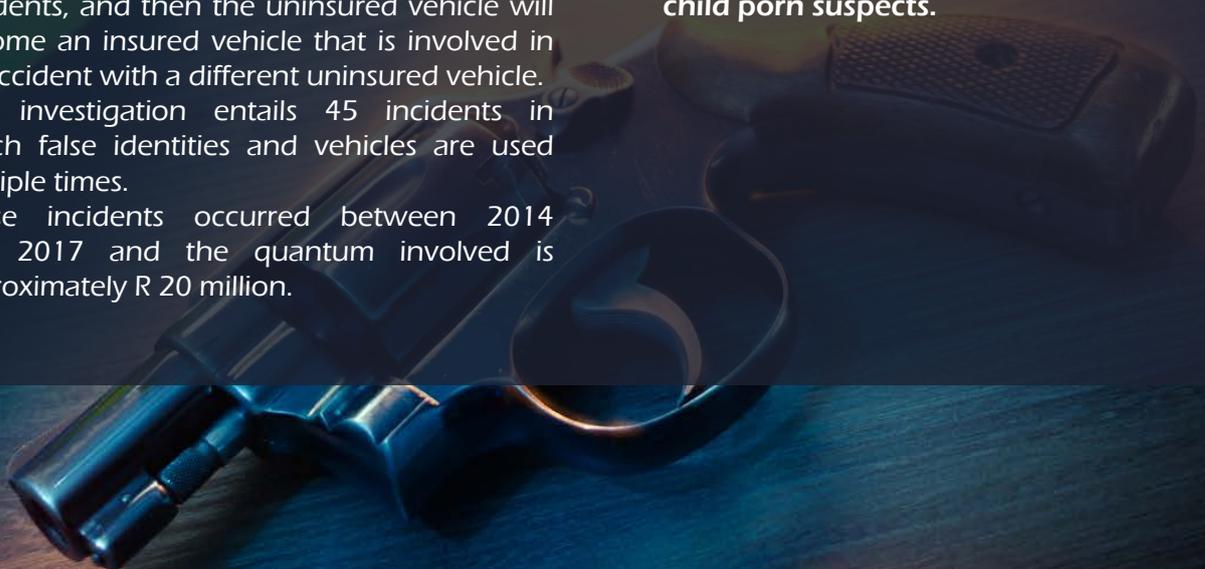
- The syndicate made use of 68 vehicles.
- Mostly bank repossessed vehicles purchased on auctions far below the vehicles actual value, as there are normally mechanical problems with the vehicles.
- This syndicate consist of 89 people, the majority of which are money mules.
- The syndicate uses false identities to submit false roadworthy certificates used to register vehicles on Natis, creating a history for the vehicles.
- They then insure the vehicles and thereafter report serious accidents.
- The top structure of the syndicate consists of 7 kingpins, with an additional 7 people recruiting the money mules.
- The MO is that the syndicate will stage an accident where one of the syndicate's insured vehicles will be involved in a collision, with one of the other uninsured vehicles as a 3rd party.
- This will occur multiple times where the same uninsured vehicle will be the 3rd party in the accidents, and then the uninsured vehicle will become an insured vehicle that is involved in an accident with a different uninsured vehicle.
- This investigation entails 45 incidents in which false identities and vehicles are used multiple times.
- These incidents occurred between 2014 and 2017 and the quantum involved is approximately R 20 million.

NORTH WEST: CHILD PROTECTION UNIT & OUR SUPPORT TO THE SOUTH AFRICAN POLICE SERVICE.

Being of assistance to the SAPS: This an example of an enquiry that we receive almost daily where our skills and information will augment SAPS investigations.

- The top 50 wanted suspect's information was provided by SAPS to The Insurance Crime Bureau.
- We then processed the individuals through the central Insurance Crimes Bureau's database.
- By enhancing the current contact data in the SAPS records the exercise assisted in the immediate arrest of three suspects.
- Further additional information provided by us assisted in tracing a cell phone number of a proven serial rapist who was then arrested.

We are involved in approximately 200 enquiries per month for SAPS– even in some high profile older cases where we assist in tracking old witnesses, in one recently where we assisted in identifying child porn suspects.



POLICE LINE DO NOT CROSS

THIRD PARTY SUPPLIER FRAUD ENQUIRY INVESTIGATED

In February 2018 a supplier fraud enquiry was received from one of our Members.

Legal action had been instituted against a third party who was involved in an accident with their client. Initially the attorneys for the third party defended the claim. The matter was left for a while and when a follow-up was made, the attorney informed our Member that their client had accepted liability and agreed to settle. Our Member was informed by the attorney that a full settlement had already been paid to our Member's collection company "Agent - X" as they had been instructed to make payment to this party. Unfortunately our Member had no knowledge of, nor agreement with this "Agent - X" and we were requested to investigate.

Copies of the release documentation, and proof of payment was provided by the attorney, and we initiated our enquiry based on the banking details used.

THE INVESTIGATION:

The company details were verified, and although no records were found of previous inquiries on "Agent - X", we were able to link an individual to the company, which had been active since 2016. This same individual was then linked to a staff vetting exercise for a second Member, with no issues identified. On follow up, it transpired that this individual had resigned from this second Member's employ, and was listed as "not re-employable" due to previous fraud indications.

On further research we were then able to link a second individual to "Agent - X". A link was subsequently established to a third individual. However, our investigations revealed that the ID number was false as it was linked to a deceased individual - so this was a dead end.

We then contacted an Underwriting Manager, linked to the claim, and through documents provided we established that "Agent - X" had been paid "as acting on behalf of" at least 4 of our Members, and even a related broker.

It was then discovered that the suspect had worked for this broker, and by using his relationship with a staff member in the UMA they had conspired to share 3rd party accident data, and ultimately reroute payments in the system to "Agent - X" sometimes using different names for the company. At this point, 22 claims were identified where these two individuals had illegally rerouted fraudulent funds due in various settlements. We also established that the second suspect, working for the UMA had previously been employed at least three of our Members. Subsequent to the investigation the second suspect resigned and is now employed at another insurer.

A SAPS case has been registered, and is currently being managed by The Insurance Crime Bureau for all of the related industry parties.

This is merely one of many examples of supplier \ internal staff fraud schemes that we encounter on a daily basis. These cases demonstrate the need for updated and accurate central data assets, to ensure we have a history of both fraudulent individuals and supplier to put a stop to the abuse of our internal systems.



LIFE: LIFE AND FUNERAL CLAIMS INVOLVING CHILDREN.

PAPER KIDS:

During 2018, we have noticed a considerably spike in the fraudulent claims for children. The modus operandi is the “parents” are covering children on their policies or alternatively the children are covered as family members. However, these kids are merely “paper kids or ghost children”, registered fraudulently on the population register, and then claimed to be deceased purely for insurance claims purposes.

We have noted a surge of claims emanating from the KZN area and Insurers are warned to pay special attention to these types of claims as they could easily slip through as being highly emotional claims with kids involved.

A CHILD HAS DIED...BUT WHO IS THE CHILD?

This Insurance Crime Bureau is currently investigating a matter where a child of 13 years, who purportedly died under strange circumstances, and was later discovered to be alive. An official death certificate was issued in the name of the child, and she was also buried by an undertaker who confirmed the burial.

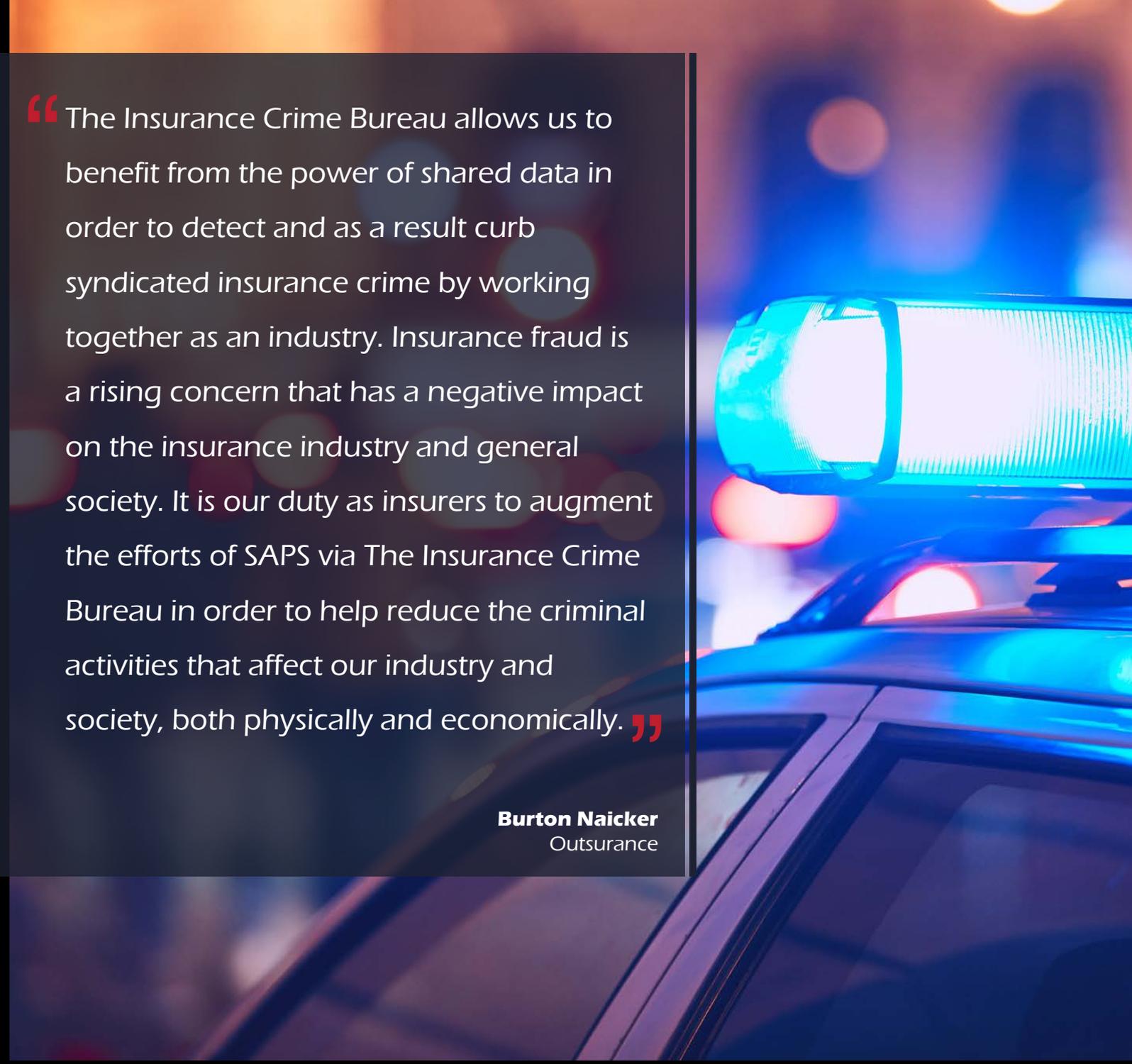
The obvious concern is who is the child that was buried? As it is obviously not the child alleged by the family to have died. Our investigation established that this death was part of an insurance fraud scheme to receive multiple pay-outs from insurance companies, where the deceased child was covered under various family policies.

We are working closely with the SAPS and other Government Authorities on the investigation. An application has been made to have the deceased remains exhumed for proper identification and further investigation.

The challenge we face is how to identify the child that was buried. At this stage we are making use of the “Missing Persons Registry” in the hope of finding a match. With very limited information on the description of the deceased, as

No pictures were taken in the mortuary, we are concentrating on missing persons fitting the description between the ages of 11 and 15 years. You can only imagine the proverbial needle in a haystack.

Somewhere out there is a family looking for their loved one, probably with the hope that the child is still alive. One can only imagine what that family is going through.



“The Insurance Crime Bureau allows us to benefit from the power of shared data in order to detect and as a result curb syndicated insurance crime by working together as an industry. Insurance fraud is a rising concern that has a negative impact on the insurance industry and general society. It is our duty as insurers to augment the efforts of SAPS via The Insurance Crime Bureau in order to help reduce the criminal activities that affect our industry and society, both physically and economically.”

Burton Naicker
Outsurance

SERIAL, OR JUST MASS, MURDER?

A quick summary of one of the cases we are currently managing for the industry, together with the SAPS and the NPA, involves a female suspect currently in court for multiple murders.

It is alleged that she has been involved in the murder of multiple husbands, some of her own children, her sister and her bother in-law. The investigation also discovered that she possibly had further insurance fraud (murder) plotted for her current husband, her mother, her second sister as well as four of her second sister's children – the youngest being four months old.

These are the types of cases that The Insurance Crime Bureau assists the industry and law enforcement with on a daily basis.

As an industry collective we have a responsibility to act in the best interests of the South African public and protect them from criminals looking to abuse, and in some cases even kill innocent citizens.



STATE OF THE NATION

According to Stats SA 1.5 million incidents of “Household Crime” occurred in the period – a 5% increase on the previous year. House breaking or Burglary accounted for 54% of these statistics at 832 122 events or 2280 incidents per day.

With theft of Personal Property hitting **693 219 incidents** or **1 900 per day** you can understand why the perception reported by Statistics SA is negative. The average South African has the opinion that crime is on the increase and something drastic needs to be done as it was reported that Police visibility had dropped over the period. One of the challenges we found in interpreting the statistics is the element of unreported crimes. It is believed that there is a high volume of incidents not included in these statistics where incidents are not reported, as either the victim was not insured or does not have faith in the Police to solve the crime.

Moving forward it is imperative that Law Enforcement and Businesses continue to work together on the issue to provide firstly, a more complete analysis of the issue, as well as practical solutions to make South Africa safer for all of its residents.

FACTS IN NUMBERS

Fighting crime in South Africa is not a commercial endeavour, it is a calling which needs to be strategically implemented to be properly effective and sustainable. An estimated total of 2.2 million crime incidents were recorded in the period 1 April 2017 to 31 March 2018 - this equates to 6027 crimes per day

MURDER

20 306

murder cases were reported, an average of 56 per day this is up from 2017.

ATTEMPTED MURDER

18 215

were reported for the period.

CARS STOLEN

50 652

Down from 2017 which were recorded at 53 307. Carjackings reported at 16 717.

BUSINESS ROBBERIES & BURGLARY

71 131

incidents, which is significantly down from 2017.

RESIDENTIAL ROBBERIES & BURGLARIES

up **7.3%**

over 43 000 reported incidences, a 10 year high.

CASH IN TRANSIT

incidents have increased dramatically and SABRIC reported **398** incidents in the period, including incidents where the cash was hit on the way to the van.



KEY FINANCIAL INDICATORS

The Insurance Crime Bureau as a “Not for Profit Company”, and is largely dependent on fees derived from its Insurance Members.

- In the 2018 period we were able to further expand our Membership numbers from 21 to 26 by increasing membership to include companies in the Life and Funeral Industry – this was a targeted and strategic growth focus.
- The Associate Member category has also increased from 3 to 6 industry related companies who have joined The Insurance Crime Bureau to offer support to the Insurance Industry in its fight against fraud and crime.

The Insurance Crime Bureau has always been a very tightly managed and stable financial situation and over the last few years it has been able to capitalise on this stability to improve its financial performance.

Key Financial Figures as at the 30th June 2018

Total Revenue:	R 30 217 410
Expenses:	R 28 399 650
Surplus:	R 1 817 760
Retained Surplus:	R 5 764 317

- **Revenue** increased by approximately 11% from 2017 due to both the additional Members and the continued diversification of revenue.
- **Fee increases to existing Insurance Members** were restricted to inflation.
- **Expenses** continue to be conservatively managed and are focussed around delivery of key objectives to support the strategic operations of the company.
- **Technology and Human Resources** remains our largest investment of 79.5% of total expenses.
- **Diversified Revenues streams** such as the Annual Conference, Vehicle Salvage Data Base, Associate Memberships and Training are now contributing in excess of R1.3 million per annum. This is a welcome addition to the bottom line removing some pressure from Members.
- **Interest Earnings** increased 40% from 2017, through mainly tight investment management.
- **Retained Surplus** has increased by a further 46%, continuing to build towards a desired retained surplus which equals approximately 6 months expense cover.

Please note that financial figures contained in this report are extracted from The Insurance Crime Bureau's Annual Financial Statements, prepared in accordance with International Financial Reporting Standards. Full copies are available to relevant parties on request to info@saicb.co.za. The Annual Financial Statements are audited by AFCA & Partners.



OPERATIONAL SUCCESS INDICATORS



- **The Fraudline** since inception has contributed R19.9 million in savings to the Industry.
- **158 investigations completed** resulting in with **105 arrests** and **9 warrants** to be served. **49 guilty** verdicts with a further **56 still in court**.
- In 2017 **General Enquires from Members** resulted in saving of **R24.3 million** for the Short Term Industry.

As is obvious in the Operational Indicators provided we do not always only work for the members of the organisation but we target a wider net of criminals operating in SA with the view to mitigating risk impacting the industry and our country.



FINANCIAL RETURNS LIFE TO DATE	
Members:	R 432 million
Non Members:	R 176 million
Un-Insured Public:	R 135 million
Total:	R 743 million

OUR STRATEGY

MOVING FORWARD

In May 2018, the Board reviewed the organisations achievements with regards to achieving the objectives agreed in Horison One of the strategy:

HORISON ONE OBJECTIVES

- **Brand Awareness** - Tell the story.
- **Grow Life Membership** - Increase our operational exposure and influence.
- **Resource Planning for the Long Term** - Create sustainable growth focussing on Transformation.
- **Develop Training as a Product** - Share our knowledge and create wisdom for the broader Industry.
- **Board Governance and Risk Control** - Ensure we do all things with a focus on Good Governance.

In the Board analysis it was agreed that all of the above had been successfully achieved and embedded into the future strategy and culture of the organisation.

Moving forward, and building on these successes, the team has now begun to focus on Horison Two with some really exciting objectives as highlighted below.

HORISON TWO OBJECTIVES

- Best utilisation of our **Data Assets**.
- World class **reporting**.
- Becoming better equipped in terms of **technology**.
- Studying the emerging risk of **Cyber Crime**.
- Cementing our position as a “**crucial part of the eco system**” while remaining the “**credible go to solution**” in terms of insurance related crimes.
- **Increasing our presence** in both South Africa and Africa.

The objectives in this next segment are intended to be implemented over a three year period, building a stronger, larger, more diverse organisation as we continuously question “where to play, and how to win in a sustainable manner”. As we build and expand our operational and strategic abilities we are looking to partner with like-minded entities in the broader financial services sector, with the ultimate goal of reducing the effect of crime in South Africa.



CORPORATE GOVERNANCE REPORT

The Insurance Crime Bureau's Board of Directors are committed to good corporate governance principles and recognising the company's responsibility to conduct its affairs in a responsible manner. The Board is thus accountable to member companies to implement sound corporate governance practices that are appropriate given the nature and size of the organisation. The organisations commitment to good governance is formalised in its various terms of reference, policies and operating procedures. This mind-set is deeply embedded in the formulation of both the organisations day to day operations as well as in its future strategy, as we consider good governance imperative to the businesses success and sustainability.

A formal process is in place to ensure that the directors understand their fiduciary duties, declare conflicts of interests and always act in the best interest of the company. There is a formal process in place to measure the performance of the Board on an annual basis, and there is a continuous process to identify training needs of directors as well as perform induction training for new Board members.

Even though the principles of good corporate governance are driven by the Board of Directors, the Board delegates certain responsibilities to well-structured committees without relinquishing its own responsibilities. These Board Committees are appropriately constituted, with due regard to the skills required of each committee.

The Board is chaired by an independent non-executive director which also serves on the REMCO. The REMCO is a subcommittee of the Board and is responsible for the appointment of directors and in addition reviews the governing HR practices and processes, including fair and sustainable remuneration practices. These policies include succession planning, where possible given the size of the organisation, and provide oversight over the transformation strategy of the workforce.

The BBEEE scorecard has been aligned to the new scores and a gap analysis performed bi-annually against a desired maturity level.

Management have developed and are implementing a strategy to address all relevant gaps.

The monitoring of technology and information risks is catered for by the IT Committee, where key organisational risks as regards to IT security are tightly managed by the various structures and processes. A full PEN test and audit of the IT general control environment is currently being performed by an independent auditor to confirm compliance to best practice.

Also a subcommittee of the Board is the Corporate Governance and Compliance Committee. This committee provides oversight related to financial reporting, the independence and performance of the external audits, as well as any strategic and compliance risks. The Board has recently identified the need to increase oversight over investment policies, and to ensure governance processes are aligned and supportive of the company's growth strategy.

Considering its size, the organisation is tightly governed and will continue to evaluate best practice by studying the application of the King IV principles in the next financial year.

INFORMATION TECHNOLOGY & DATA COMMITTEE NOTE

The Information Technology infrastructure and resultant intelligence generated is a critical core function and output which enables The Insurance Crime Bureau to achieve its strategic objectives in the fight against insurance fraud and the related crimes. Over the years the IT and Data committee has overseen the development and growth of the IT infrastructure within the organisation and it has certainly been a positive journey.



Possible fraudulent claims or networks are never easy to identify, however great progress has been made by tweaking the analytical models to be more efficient and thus producing better quality results. This is clearly evident in the total savings experienced, as well as the efficient manner in which operations are run, leading to these results.

A notable achievement in 2018 was the development of the Vehicle Salvage Data system. This facilitates the ability to consolidate and interrogate volumes of data pertaining to salvaged vehicles. This data is powerful in the fight against cloned vehicles, related fraudulent claims where vehicles accidents are staged, false vehicles, money raising schemes etc. The system is easily accessible and flexible and allows member companies to reference information relative to more than six hundred thousand vehicles.

Regular health checks and audits are performed to ensure the stability and sustainability of the IT infrastructure and we have been extremely pleased with the past results.

There is currently a reasonable focus in the IT space as we try to be more innovative, productive and efficient considering that this is the main driver behind the work that is flagged to be investigated.

The focus is on having skilled personnel as well as the best hardware and software applications to ensure that we move forward at a steady pace. This is crucial as the organisation has started to gain scale by taking on new members in the “long term insurance” sector as well as additional associate members that are keen to be associated with The Insurance Crime Bureau. So continued intelligent investment in resources, both human and infrastructure, is key to the organisation’s future strategic success.

I am personally pleased with the progress and current status of The Insurance Crime Bureau’s IT department, and am really looking forward to the continued value-add to both the Insurance Industry and the broader public as a result of this progress.

Burton Naicker
Outsurance



THE INSURANCE CRIME BUREAU INSURER MEMBERS





ASSOCIATE MEMBERS



“ Fighting fraud, corruption and crime is our common goal in making our country a safer place for our people. Partnering is one of the key principles that the Insurance Crime Bureau believes in to get this done. The frontiers of partnering and aligning with law enforcement and organisations to assist the community to believe in a better future. ”

Edwin Naicker
Standard Insurance Limited

THE INSURANCE CRIME BUREAU

ANNUAL EVENTS

One of the key roles of The Insurance Crime Bureau is to encourage industry networking, education and intelligence sharing. To achieve this goal we conduct regular tailored training sessions for specific members, as well as for various segments of the Government and Private Sector. Two of our events have now become a feature of the industry's annual calendar, these being our Annual Conference and our Industry Breakfast with the aim to create networks, share ideas and looking to design future opportunities as a community.

ANNUAL CONFERENCE



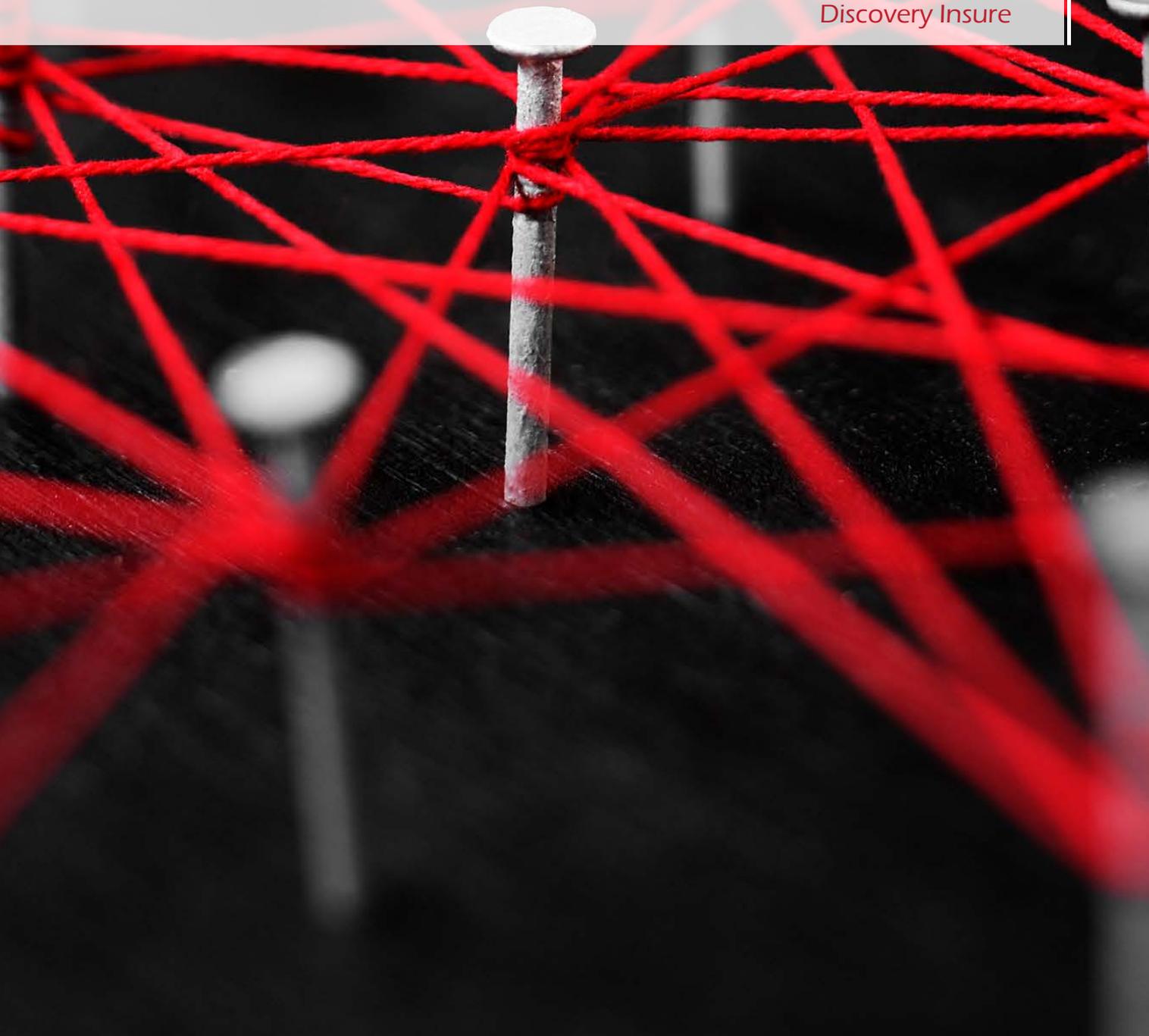
INDUSTRY BREAKFAST

The Insurance Crime Bureau hosted its Annual Industry Breakfast, which coincided with our **10th Year Anniversary** of fighting organised insurance crimes and fraud within South Africa. Only through collaboration and cooperation between Public Private Partnerships can we truly make a difference in our country.



“ The Insurance Crime Bureau has clearly demonstrated an amazing power of being a positive and significant contributor in creating a safer environment for its members and the broader society. It gives me immense joy to work with an organization focused on a clear objective to make a positive difference in our country. To all the readers, I invite you and your organisations to also get more involved with the Insurance Crime Bureau in this powerful partnership to continue delivering on this big responsibility to make a positive change in our country. ”

Themba Baloyi
Discovery Insure



KEY STAKEHOLDERS

Communities are formed around common causes – the word is derived from the Latin “communitas” - this also refers to large group affiliations, at either national or international level, and may also include virtual communities.

The Insurance Crime Bureau is part of a community with a common cause of combatting crime in South Africa, and we recognise all of our Stakeholders and Partners for their valued assistance and efforts.

- Asset Forfeiture Unit
 - Business Against Crime South Africa
 - Credit Bureaus
 - Cross Border Police Forces
 - Directorate of Priority Crime Investigation
 - Financial Intelligence Centre
 - Financial Services Conduct Authority
 - Gauteng Department of Roads and Transport
 - IAATI
 - Micro Dotting Companies
 - National Association of Automobile Manufacturers
 - National Department of Health
 - National Prosecuting Authorities
 - Road Traffic Management Corporation
 - SABRIC
 - Salvage Dealers
 - South African Banking Risk Industry Council
 - South African Fraud Prevention Services
 - South African Insurance Association
 - South African Police Service
 - South African Revenue Services
 - The Road Accident Fund
 - Tracking Companies
 - Vehicle Rental Companies
 - Zonke Unicode
- and many others.....

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