



## FOCUS ON INVESTIGATION

### SILVER ANNIVERSARY PRICE REDUCTION TO CONTINUE

I am pleased to announce that the 25th anniversary price reduction I announced last year will be continued. Insurers need to contain costs but, at the same time, need to build a compelling weight of evidence to ensure that decisions will be upheld by FOS or the courts. We will, therefore, maintain our highly competitive rates.

I am sorry to announce the withdrawal of our Preliminary Investigations Service which is no longer viable. We will, of course, complete any cases that have been instructed but we are not able to accept new instructions for preliminary investigations from today's date. Users of this service may wish to consider undertaking Desktop Investigations or using our highly competitive one day investigation service at £900.00 plus VAT with no extra costs in the UK mainland, Northern Ireland or the Republic of Ireland.

We have restructured our Desktop Investigation Services which are now charged on an hourly basis to help insurers contain costs. Our revised instruction form enables insurers to maintain control of costs by setting limits for the hours of research and the cost of disbursement.

In addition we are offering a claim screening service. We will undertake a variety of enquiries to see if any "red flags" are shown that suggest that further more detailed investigation is required. We will provide a brief report for each case. We are happy to negotiate a special price for batches of more than 20 cases.

Finally we have improved our online instruction form to make it simpler than ever to send instructions to us. Further details are included in this Newsletter.

JHI's US based non-executive director, Al Hemond, was a speaker at the Protection Review Conference in London in June. Al leads the benefits area for Prudential Financial in the US and is responsible for their sizable IP block with over 30,000 open claims. It was interesting to hear Al say that in the current economic climate most US companies are not cutting staff in their claims operations. He also stated that this is not a good time to curtail your surveillance and investigation budget. Many claims under review are more complex and need more in depth investigation.

If you would like further information please do not hesitate to contact me.  
Jim Harris, Chairman & Managing Director, [jharris@jhigroup.co.uk](mailto:jharris@jhigroup.co.uk)

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### Online Instructions

To simplify instructing us we have improved our on-line instruction forms which are available at [www.jhigroup.co.uk](http://www.jhigroup.co.uk). There are separate forms for Desktop Investigations and for Full Investigations. Forms can be printed for completion and submission by mail or can be completed, printed and submitted on our secure website.

To access the instruction forms it is necessary to have registered your User Name (first initial and surname) and to use the Password cla1ms. To register please follow the links on the website. If you have registered previously your allocated User Name and Password will continue to work.

### Peter Le Beau Awarded MBE



We are proud to congratulate JHI Director Peter Le Beau on being awarded the MBE for services to Insurance and Charity in the Queens Birthday Honours. Peter is Managing Director of Le Beau Visage and is a non-executive Director of Exeter Friendly Society, Health Claims Bureau, James Harris Investigations and Red Arc. Peter is also joint chairman of the Income Protection Task Force.

# THE FUTURE OF COVERT INVESTIGATIONS

## Recent Experience

It has become clear over the last two to three years that there is a reduction in the number of cases being put forward for investigation. Other investigation firms in the disability insurance market have had similar experience. We believe that there are a number of factors influencing this reduction: -

- The Institute of Actuaries Continuous Morbidity Investigation has shown a reduction in new Income Protection claims over several years. This combined with the flat sales of new Income Protection Insurance in recent years means that there are fewer claims where investigations are likely to be required.
- The publication of the ABI Guidance on the instruction and use of private investigators and tracing agents in July 2007 has caused insurers to review their use of private investigators for covert surveillance.
- The Financial Services Authority's Treating Customers fairly initiative has also caused insurers to consider the circumstances in which the use of private investigators will be seen as treating customers fairly.
- The Financial Ombudsman Service made it clear in Issue 24 of the Ombudsman News in January 2003 that they require to see a "weight of evidence" to be convinced that observed activity means that the individual could undertake an occupation. The current Ombudsman appears to share this view meaning that surveillance needs to be undertaken over several separate and random periods which adds to the cost of investigations.
- Insurers have received adverse publicity in the Press over the use of private investigators.

## What Do You Expect from an Investigator?

It is important to take note of the ABI Guidelines and to take steps to ensure that the investigation firm: -

- is suitably experienced and skilled to undertake the work and has an employment policy that ensures that only suitable people are engaged to undertake investigations and surveillance.
- acts within the law and appropriate codes of practice.
- holds appropriate levels of professional indemnity insurance, employer's liability insurance and public liability insurance and to see evidence of these insurances.
- have satisfactory policies for handling and storing confidential information in a secure manner, are compliant with the Data Protection Act and are registered with the Information Commissioner.
- is happy to submit to an audit at the request of the instructing insurer.
- is happy to enter into a service agreement.

It is also important to consider how investigations should be undertaken. Do you want the investigation firm to: -

- make every effort to ensure that the subject of enquiry is properly identified. There are risks of compromise in making a positive identification whereas on the other hand there is a risk of watching the wrong person if no positive identification is made.
- use tracking devices to follow the movement of vehicles. The use of tracking devices is not illegal but many practitioners believe that their use is disproportionate to the investigation of disability insurance claims. At JHI we believe the use of tracking devices is disproportionate and will lead to adverse publicity for insurers should an investigation firm be found to be using such devices.

We suggest that the insurers should make their preferences clear to the investigation firm and monitor their adherence.

## The Way Forward

While the reasons for the recent reduction in investigations can be understood we remain of the opinion that investigation and surveillance remain important tools for managing disability claims provided they are used in a proportionate and ethical manner and the insurer has a rational process for selecting cases for investigation. We are now in a period of recession where jobs are at risk and self-employed tradesmen are finding work hard to find. It is in times like these that invalid and fraudulent claims increase.

Insurers should remain vigilant and look for the "red flags" that suggest that a claim might not be as straightforward as it appears at first sight. Some long-term claimants might be recovering or have learned to cope with their disability and returned to some kind of work, possibly in the black economy, particularly those with readily marketable skills such as carpenters, electricians and plumbers.

We have low cost, high value claim screening and desktop investigation services available to help identify the "red flags" so that insurers can decide what further action is required.

## Summary

We are entering a period where we can expect invalid or fraudulent claims to increase and we believe that it is important for insurers to be vigilant and to deal with these claims in an effective manner.

If you would like further information about our services please contact me - Kay Ryan, Operations Manager, [kryan@jhigroup.co.uk](mailto:kryan@jhigroup.co.uk)

## OVERSEAS CLAIMS

We have an extensive network of investigation firms throughout the world and we are able to arrange investigations in a number of countries with reports written in English. If you have an overseas case that you need investigated why not discuss it with us.