

IFIC FLARE



Escape of Water Claims: Missed Fraud and Recovery Opportunities

The Association of British Insurers [ABI] has released new data which signals the concerning rise in the cost of domestic escape of water claims.

- In the first nine months of 2017, domestic escape of water claims cost £483 million, rising 1% on the same period in 2016 and up 24% on the first nine months of 2014.
- Between 2014 and 2016 the total cost of domestic escape of water claims jumped by 24% from £529 million to £654 million.
- In the last three years the average cost of these claims has risen by 31% to £2,638.

Coupled with this, according to the ABI Key Facts 2016 document, escape of water claims on domestic insurance policies continue to be statistically the largest claim 'peril' group representing 26% on value of gross claims incurred compared to 20% for weather related claims, 16% for fire and 13% for theft.

The ABI is calling for insurers to make controlling the rising cost of escape of water claims a priority in 2018.

IFIC Forensics recently presented on escape of water claims fraud at an Insurance Fraud Bureau [IFB] Fraud Forum in London. A link to the presentation, which includes advice on fraud indicators, can be found [here](#). We would be delighted to deliver this presentation to insurers and loss adjusters who were unable to attend the IFB Fraud Forum.

Anecdotally, in our experience, referred escape of water claims approximately represent a 1 in 8 fraud opportunity and a 1 in 3 recovery opportunity. Historically, escape of water claims are not typically referred for forensic review and many such opportunities are being lost.

If you are interested in taking up our complimentary Escape of Water: Fraud and Recovery Opportunities training or would like to talk to us about our escape of water service, please contact Chris Shorten on cshorten@ific.co.uk

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