**HIGH LEVEL THREAT REPORT - UK HIGH NET WORTH INDIVIDUALS FOR THEFT, FRAUD AND CYBERCRIME**

This short report is prepared from wider and more detailed intelligence on activity within the crime community, the claims community, and other sources such as social media and news media. It focuses on the increased risk of fraud and claims costs in the HNW arena. This report covers both the risk of higher genuine claims costs, and the incidence of fraud within HNW claims.

**BACKGROUND**

It is believed that crimes against, and involving high net worth individuals and their families are occurring at an increasing rate and that trajectory is likely to continue for the short to medium term. There are well known reported cases where HNW individuals such as footballers and celebrities have been targeted by criminal gangs for burglaries and robberies.

**The drivers for this are:**

* Fraud inflation – Fraud and cybercrime are occurring globally at epidemic rates. The Organised Crime Gangs from both have over the past five years successfully focused their attention on higher value frauds and ransoms.
* Cross pollination between physical and digital crime including targeting to maximise profits and success from crimes. Cyber criminals have learned that there is more value in a well-researched identity compared to someone with a poor credit rating and will pay more for identities with a good profile or invest in enhancing that profile. This smart way of working has spread to burglars and thieves. The professionals now research their targets, their assets, and whether they will be away or vulnerable.
* Access to information and data. More professionals use social media than ever, and even if they don’t participate too much as individuals their employers do. It takes only a short time to profile targets and to identify their home address, whether it is rented or owned, cars they have, watches they wear, and the financial performance of businesses they may own or be involved in.
* Ease of International travel. We now have travelling burglars who come to the UK for short stays with the explicit purpose of conducting burglaries at targeted homes. Examples have been those who target footballers and other celebrities.
* Cost of living crisis. There is less demand for the items that are typically owned by many households such as computers, laptops, game consoles and jewellery worth under £2,000.00. The most desirable target items now are prestige watches, high value jewellery, large amounts of cash and because of the ability to sell globally works of art and antiques.
* Drugs. Wider spread use of recreational cocaine and the county lines drugs gangs moving into supply in high-net worth areas has a by product in that dealers who are part of OCGs now have access and knowledge of people who buy from them, their income levels, and their assets. Initially this resulted in retribution against those who ran up debts but has expanded to targeting of naïve clients for drugs with obvious disposable income and high value assets and motor vehicles. Some of these ‘thefts’ may also involve collusion where drugs debts, blackmail, and opportunistic claims occur.

**RECOMMENDATION**

The above factors need to urgently be considered by underwriters when pricing policies and accepting risks and also by claims teams when screening for fraud. If these factors are not included in screening and particularly where the screening is automated a review can provide benefits such as preventing fraud through better policy wording and underwriting decisions. On a more positive basis these prudent measures can provide a competitive edge for those insurers who cover this change in risk more promptly than others.

**Interim steps**

* Provide advice to HNW clients to exercise care about what they post or allow to be posted about on social media. For example, posts from holidays should be posted once people have returned rather than during the holiday.
* The above could be taken further and included in policy wording to exclude claims where the risk has been heightened by the policyholder if they publicly advertise that they are away from home, or expensive assets they may own.
* The same should apply where claims are made where the loss involves fraud, car keys are taken, or there are no signs of forced entry to premises in order to detect collusion between the policyholder and others to defraud insurers.
* Special attention must be given to red flags such as those HNW clients whose financial circumstances are in decline e.g., a company which has declining turnover, assets, or has gone into a negative net worth situation.
* The same applies with those who may be involved in high-risk areas such as infosec start- ups, NFTs (non-fungible tokens) which have gone from a value of up to millions of pounds to zero. and cryptocurrency where may investors have lost huge amounts of money.
* The increase in working from home has also seriously impacted the profits and failures of those who are in the commercial property market.
* Those who change their cover prior to a claim should be investigated in detail.

**FURTHER INFORMATION**

For further information and advice please contact us directly at FitzGerald Consulting and we will be happy to help.

**Reference articles**

|  |
| --- |
| **Burglary Tourists** |
| <https://www.dailymail.co.uk/news/article-12767403/Burglary-tourists-South-America-chilean-terrorise-middle-class-Brits.html> |
| **Footballers targeted by criminals**  |
| <https://news.sky.com/story/raheem-sterling-and-other-footballers-who-have-been-targeted-by-criminal-gangs-12762102> |
| **Rich people and drugs** |
| <https://www.vice.com/en/article/bvn5km/how-much-money-rich-people-spend-on-drugs> |
| **Cost of Living crisis used by gangs to gain recruits** |
| <https://www.bbc.co.uk/news/uk-england-suffolk-62491750> |
| **Rise of crime in affluence areas** |
| <https://www.dailymail.co.uk/news/article-7594703/Crime-rising-four-times-faster-affluent-parts-Britain.html> |

Peter Taylor, ACFS

Senior Consultant

Insurance Claims Fraud and Organised Crime Specialist

FitzGerald Consulting Ltd

November 2023

****