

Published based on [Car Insurance Fraud is Increasing and Set to Hit Consumers Hard](#)

# **Car Insurance Fraud is Increasing and Set to Hit Consumers Hard**

Consumers are coming under pressure from higher interest rates and inflation. Content and [car insurance](#) companies in South Africa are noticing a large increase in the number of fraudulent insurance claims.

[Car insurance](#) companies claim that up to 10 percent of all claims are fraudulent. This causes insurance cost to increase. These companies will transfer the increased cost to consumers. Unfortunately it is the honest consumer that will bear the brunt of the higher premiums from insurance companies that need to recoup the increase in losses.

Government bodies will have to look at helping the [car insurance](#) companies to curb these crimes before insurance inflation spirals out of control. Insurance premiums are high as it is and the consumer will find it difficult to absorb additional cost. Crime prevention units need to establish to target fraudulent claims.

Fraudsters are violating the rights of the consumer and corrupting the basic communal principle governing insurance practices. Losses of the few are indemnified through the contributions of the many. Criminals in the insurance industry are reported to the relevant law enforcement authorities and prosecuted.

The purpose of insurance is to create structures where the masses have access to sound recourse. The consumer needs to protect their wealth and livelihoods against the consequences of unforeseen events. These criminals are creating a corrupt situation where both the insurer and the consumer, and thus society at large will suffer harm.

The current economic pressures have caused considerable financial difficulty onto the consumer. Any prevention on this crime will help consumer from higher insurance premiums. Fighting fraudulent claims is a difficult task. Insurance companies and government have a big task ahead to stop fraudsters.

The cost to fight fraudulent claims will be high, but it will be to the benefit of everyone. Billions of Dollars are lost every year to fraudulent claims. This cost needs to be placed in check so that the inflation on insurance premiums doesn't increase out of control.