

Fraud prevention starts before the claim

March is Fraud Prevention Month, and while fraud is often associated with claims, prevention frequently starts much earlier — at the point of binding, renewal, or policy change.

Certain behaviours at the point of binding, renewal, or policy change, such as requests to backdate coverage, can be early indicators of potential fraud. Brokers play a critical role in identifying these red flags and helping to ensure risks are accurately represented from the outset.

Obtaining or backdating coverage after a loss

We continue to encounter situations where coverage is requested for a vehicle or location after a loss has already occurred, or where there is pressure to rush or backdate coverage. These scenarios can present fraud risk and warrant additional diligence. When a submission feels urgent or unusual, it's important to slow the process and confirm that all relevant information has been disclosed so the risk can be properly assessed.

Helpful questions to ask include:

- Where are you currently insured, and why are you looking to move this risk?
- If there is no current insurance:
 - How long have you been without coverage, and why?
 - Is this a new purchase?
 - When was the home or vehicle purchased?
 - Have there been any losses since you've owned the risk?
 - If there was a gap in coverage, why are you seeking insurance now?

These conversations support underwriting expectations and help identify potential issues before coverage is placed.

Non-disclosure of material information

Clients may not always realize that certain details are considered material. Incomplete or inaccurate information can affect coverage eligibility and may raise fraud concerns at claim time. Asking clear, consistent questions — and explaining why the information matters — can help prevent issues later.

For automobile risks, consider confirming:

- Name and address on the ownership match the application and policy
- Who regularly drives the vehicle, especially when there are more vehicles than listed drivers
- Vehicle use, including any business exposure
- Any performance or cosmetic modifications

For property risks, consider reviewing:

- Who lives at the location, including any rental units
- Whether rentals are long-term or short-term
- Planned renovations or business activity in the home
- Ownership of contents at rental properties

By staying vigilant and asking the right questions early, brokers can help identify potential fraud indicators before they escalate into claims issues. Fraud prevention starts with awareness and due diligence — and it's something we can all help prevent.