

**AN EVALUATION OF THE VALUE OF PRELIMINARY
INVESTIGATION IN INSURANCE LOSS ADJUSTING**

by

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DECLARATION

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I declare that:

1. The dissertation titled: "AN EVALUATION OF THE VALUE OF PRELIMINARY INVESTIGATION IN INSURANCE LOSS ADJUSTING" is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.
2. It is submitted in partial fulfilment of the requirements for the degree of Master of Arts in Criminal Justice, University of South Africa.
3. It has not been submitted previously for a degree to any other university or for examination.

A handwritten signature in black ink, consisting of a large, stylized 'A' with a loop, followed by the name 'Blignaut' written in a cursive script.

SIGNATURE

28 February 2023

DATE

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ABSTRACT

The aim of this research is to evaluate the degree to which the loss adjusters are engaging in preliminary investigation in insurance loss adjusting at TIH. The preliminary investigative phase is regarded as the cornerstone of criminal and other investigative processes. This includes the investigative process followed in the insurance industry which directs a case that is being investigated with the main objective of gathering accurate evidence to ensure that the entire investigation is not jeopardised. Literature confirms the importance of the preliminary investigative phase, which includes the collection of information and evidence and interviews. To answer the primary research question, the researcher used a qualitative research approach and conducted one-on-one interviews with knowledgeable loss adjusters based in KwaZulu-Natal and one expert. In addition, national and international literature sources were consulted. The study found that the preliminary investigative phase is a vital part of an investigation into a short-term insurance claim.

Key terms:

preliminary investigation, planning, investigative interviews, private sector, loss adjuster, ombudsman for short-term insurance, short-term insurance

ISISHWANKATHELO

Injongo yolu phando kukuphonononga iqondo apho abalungelelanisi belahleko babandakanyeka khona kuphando lokuqala kulungelelaniso lwelahleko yeinshorensi kwi-TIH. Isigaba sokuqala kuphando sithathwa njengesibalulekileyo kwiinkqubo zolwaphulomthetho kunye nezinye iinkqubo zophando. Oku kuquka inkqubo yophando elandelwayo kushishino lweinshorensi ekhokela ityala eliphandwayo ngenjongo ephambili yokuqokelela ubungqina obuchanekileyo ukuqinisekisa ukuba uphando lunonke alukho sengozini okanye aluchithwa. Uncwadi luyakungqina ukubaluleka kwesigaba sokuqala kuphando, esibandakanya ukuqokelelwa kolwazi/iinkcukacha, ubungqina kunye nokwenziwa kodliwanondlebe. Ukuphendula umbuzo ophambili kolu phando, umphandi usebenzise indlela yophandontyilazwi waze wenza udliwanondlebe lobuqu nabalungelelanisi belahleko abanolwazi kunye nengcali enye KwaZulu-Natal. Ukongeza, kolu phando kusetyenziswe imithombo yoncwadi yesizwe neyamazwe ngamazwe. Uphando lufumanise ukuba isigaba sokuqala kuphando siyinxalenye ebalulekileyo yophando lwebango kwi-inshorensi yexeshana.

Amagama angundoqo:

uphando lokuqala, ucwangciso, udliwanondlebe lophando, icandelo labucala, umlungelelanisi welahleko, ummeli weinshorensi yexeshana, i-inshorensi yexeshana

ISIFINQO

Inhloso yalolu cwaningo ukuhlola izinga abalungisi bokulahlekelwa abahlanganyela ngalo ophenyweni lokuqala ekulungisweni kokulahlekelwa komshwalense e-TIH. Isigaba sokuqala sophenyo sithathwa njengesisekelo sobugebengu nezinye izinqubo zophenyo. Lokhu kuhlenganisa nenqubo yophenyo elandelwa embonini yomshwalense eqondisa icala eliphenywayo ngenhloso enkulu yokuqoqa ubufakazi obunembile ukuqinisekisa ukuthi lonke uphenyo aluphazamiseki. Imibhalo iqinisekisa ukubaluleka kwesigaba sokuqala sophenyo, esihlanganisa ukuqoqwa kolwazi nobufakazi kanye nezingxoxo. Ukuphendula umbuzo oyinhloko wocwaningo, umcwaningi usebenzise indlela yocwaningo olusezingeni eliphezulu futhi wenza inhlolokhono yomuntu ngamunye nabalungisi bokulahlekelwa abanolwazi abazinze KwaZulu-Natal kanye nochwepheshe oyedwa. Ngaphezu kwalokho, kwaxhunyanwa nemithombo yezincwadi kazwelonke neyamazwe ngamazwe. Ucwaningo luthole ukuthi isigaba sokuqala sophenyo siyingxenye ebalulekile yophenyo mayelana nesimangalo somshwalense wesikhathi esifushane.

Amagama abalulekile:

uphenyo lokuqala, ukuhlela, izingxoxo zophenyo, izinkampani ezizimele, isilungisi sokulahlekelwa, umxazululi womshwalense wesikhathi esifushane, umshwalense wesikhashana

LIST OF ACRONYMS AND ABBREVIATIONS

ACFE	Association of Certified Fraud Examiners
FAIS	Financial Advisory and Intermediary Services Act 37 of 2002
FSB	Financial Service Board
FSCA	Financial Sector Conduct Authority
FSP	Financial Service Provider
ICB	Insurance Crime Bureau
ICFP	Institute of Commercial Forensic Practitioners
OSTI	Ombudsman for Short-Term Insurance
SAIA	South African Insurance Association
SAPS	South African Police Service
SOE	State-Owned Enterprises
STI	Short-Term Insurance
TCF	Treating Customers Fairly
TIH	Telesure Investment Holdings
TU	TransUnion

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CHAPTER 1

GENERAL ORIENTATION

1.1 INTRODUCTION

The researcher is employed within Telesure Investment Holdings (Pty) Ltd (hereafter referred to as TIH), owned by BHL (SA) Holdings Limited, a private limited company based in the United Kingdom (UK). TIH is a holding company for several of the top financial services providers in South Africa, which includes short-term insurance (STI). Since Auto & General Insurance's introduction to the South African market in 1985, TIH has developed into a network of affiliates that now comprises some of the country's top short-term insurance companies, including Auto & General, Budget, Dialdirect and 1st for Women.

The researcher has been an employee of TIH since November 2005, and has conducted various investigations pertaining to personal line, short-term insurance claims. The researcher is based in Durban, whereas the head office of TIH is situated at Dainfern, Johannesburg. Personal line, short-term insurance refers to insurance cover for motor vehicles, buildings and household content. Investigation pertaining to the personal line, short-term insurance claims fall within the loss adjusting department. Part of a loss adjuster's duty is to assess and investigate claims submitted after an incident has occurred, whether it be a motor vehicle accident, or when a motor vehicle is stolen, or a housebreaking incident. The loss adjuster will be required to investigate the incident and conduct interviews with the policy owner (hereafter named the client), witnesses and alleged victims, as part of the assessment process.

A study of the seminal literature dealing with investigation highlighted that the quality of an investigation will improve when an investigator follows a systematic process, reviews all the developments in the case, and does thorough planning prior to the interviewing phase (Buckwalter, 1983:14; McMahon, 2014:44; Van Rooyen, 2008:91).

Ferraro (2012:xxviii) also states that for an investigation to be successful, it should have a well-defined, meaningful objective. The researcher agrees with

the above authors, in that the quality of an investigation will improve when the investigator follows a systematic process and does thorough planning prior to the interviews.

1.2 PROBLEM STATEMENT

Vosloo (2020:97) underlines that South Africa is not immune to catastrophes, and that the reality of shifting weather patterns is reflected in the South African Insurance Industry Survey 2020. The number of claims filed has increased from 55.3% in 2018 to 58.9% in 2019 as a result of the violence, looting, protests and severe storms that hit South Africa in 2019. Consequently, there was a sizeable financial loss to insurance companies.

South Africa is, further, under severe economic distress, which promotes economic crime and disrupts business. Because of its very nature, short-term insurance is highly vulnerable to fraud, particularly in periods of low domestic economic development, high unemployment rates and rising housing costs that reduce discretionary income (Welthagen, 2018).

Cressey's Fraud Triangle comprises of three factors: pressure, opportunity and rationalisation. **Pressure** (whereby client commits fraud because they are under financial pressure), **opportunity** (client sees an opportunity to solve their financial problem) and **rationalisation** (client finds a valid reason or justification to commit the act of fraud) are the three factors that trigger Cressey's Fraud Triangle. When all these factors are present, it can be regarded as a high risk, but if only two factors are present, it can then be regarded as a medium risk (Padgett, 2015:44–45).

When a client submits a claim to their insurance company, having sustained a financial loss due to an unforeseen event that has taken place, such a claim will first be registered with the claims department by a claim's consultant. If any anomalies or inconsistencies are noted, the loss adjusting department will receive the claim and send a loss adjuster to investigate it.

If the loss adjuster confirms the anomalies that were highlighted, such a claim will be rejected. Most clients then turn to the Ombudsman for Short Term Insurance (OSTI) to assist them in challenging the rejection (OSTI 2021:21).

For the 2013/2014 period, the OSTI overturned seventy-nine percent (79%) of claims investigated by the loss adjusting department of TIH (TIH, 2014:5). Clients have access to a free, effective, impartial dispute resolution process through the OSTI. When a client's claim is not paid by their insurer, a complaint may be lodged by the client with the OSTI. The OSTI will review the evidence submitted before making a ruling. When the OSTI overturns a refusal to pay, this signifies that the client's insurer must now pay the claim. A client's claim can be rejected by their insurer, due to contractual reasons, or when the insurer finds that the client has made a misrepresentation in terms of the claim.

According to the OSTI, inadequate evidence and poor investigation quality are major factors in claims being overturned by their office (Telesure 2014:4). Since the OSTI assesses a penalty cost to TIH for each complaint it receives, the fact that the ombudsman is reversing such a high percentage of complaints directly affects TIH's bottom line. Furthermore, the total number of complaints received and overturned by the OSTI office is published in their annual reports, which then reflects poorly on the company.

In the OSTI annual report for 2015, the ombudsman expressed concern about the aggressive way loss adjusters conduct their interviews when interviewing a client about a claim (OSTI, 2015:7). Notably, the investigation of insurance claims is often done under less-than-ideal circumstances, in which interviews are done telephonically (meaning the interviewer is unable to observe the body language, and to interpret the reaction of claimants to questions posed). Other interviews are conducted in public places, or in the home of the client (which can be intimidating to a loss adjuster). Loss adjusters in TIH must also abide by the principals of Treating Customers Fairly (TCF), which is a legal requirement under the Financial Advisory and Intermediary Services (FAIS) Act 37 of 2002.

This is a regulatory framework set by the Financial Sector Conduct Authority (FSCA), previously known as the Financial Services Board (FSB). The Financial Advisory and Intermediary Services (FAIS) Act, 37 of 2002 regulates how the FSP conducts business with its clients on a daily basis, ensuring that all clients are treated equally throughout the product lifecycle and advice process.

Furthermore, it needs to be taken into consideration that unlike police officials, loss adjusters have no law enforcement authority, as they are employed within the private sector. They therefore do not have the authority to compel the client to talk to the loss adjuster, or even to fully cooperate with the investigation. Police officials have special powers to question people (Van Rooyen, 2018:19). On the one hand, serving the interests of the company rather than those of society at large, is the main goal in the private sector (the victim is seen as 'the company'). On the other hand, serving the interests of society is the public sector's main goal (the victim is viewed as 'the people') (Sennewald & Tsukayama, 2006:9). Loss adjusters therefore need to be more skilful in their investigation, as well as diplomatic and persuasive in their engagement with the clients/ witnesses, in order to obtain the necessary information and evidence they require.

The escalation of insurance fraud leads to an escalation of premiums, thereby hurting the consumer. Jonathan Holden, an Executive of Operations at Lion of Africa Insurance as cited by Staff Reporter (2011) urged insurance companies to work together with the Insurance Crime Bureau (ICB) to protect consumers by keeping premiums low. It was further reported that nearly fifteen percent (15%) of premium costs (at the cost of R3 billion annually) is attributable to short-term insurance fraud in South Africa. In 2019, the ICB projected that up to twenty percent (20%) of the short-term insurance claims paid out could have been fraudulent (Staff Writer, 2020). This translates into an approximate loss of R7 billion, by the South African Insurance Industry, through fraud.

Based on the above information, it appears that short-term insurance fraud is on the increase across the globe. The individuals responsible for defrauding short-term insurance have identified loopholes in the systems, and ways (opportunities) in which to commit fraud easily, in order to benefit financially without being detected easily.

It is the responsibility of loss adjusters to identify these types of fraudulent claims, plan accordingly and effectively conduct their investigations.

Literature and operational experience support the premise that an interview actually begins with thorough planning, knowledge of the case being investi-

gated, refinement of what questions are to be asked, and remaining objective throughout the investigation (Buckwalter, 1983:xi & 12; Labuschagne, 2021:55; Palmiotto, 2013:53). A search of available investigative literary sources revealed that there is scant literature that addresses preliminary investigations pertaining to insurance claims within the short-term insurance industry in South Africa, in the loss adjusting space. The researcher therefore conducted an exploratory study to determine the value of preliminary investigation in insurance loss adjusting at TIH.

1.3 AIM OF THE RESEARCH

According to Denscombe (2012:50), the aim of research is the direction in which the research will go and achieve its objectives. It is the starting point that gives the reader an understanding of what the research is all about. The aim of this research is to evaluate the degree to which the loss adjusters are engaging in preliminary investigation within the TIH insurance loss adjusting department.

1.4 PURPOSE OF THE RESEARCH

The purpose statement presents the intent of the research, and should be clear, specific and informative (Creswell, 2014:123). Neuman (2012:16) categorises social research in three main groups: to explore (exploration) a new topic, to describe (description) a social phenomenon and/ or to explain (explanation) why something occurs. Maxfield and Babbie (2015:12) described the fourth purpose or category of social research as application.

The purpose of this research was as follows:

- To explore the investigative context within the STI at TIH.
- To explore and describe the value of preliminary investigation within the TIH insurance loss adjusting department.
- To investigate the extent to which loss adjusters at TIH do preliminary investigation; and
- To determine the best practice based on the empirical data collected from the interviews.

1.5 RESEARCH QUESTION

A research question should be relevant to the aim of the research, and must be formulated, specific, precise and concrete (Denscombe, 2012:74–75). The purpose of the research question is to give the researcher a starting point for the investigation, and to connect the results of the collected data to the literature review. The primary research question posed in this study is the following:

“What is the value of the preliminary investigation phase, when investigating an insurance claim?”

1.6 KEY THEORETICAL CONCEPTS

The key theoretical concepts of this study are defined below:

1.6.1 Preliminary investigation

Preliminary investigation is a phase which forms part of the crime investigation process, takes place immediately after a crime has been committed, and continues until such crime has been processed and cleared. Preliminary investigation is seen as the foundation of a case (Van Der Watt, 2015:160–161).

1.6.2 Planning

The *Oxford Dictionary of English* (2006:1345) defines planning as “decide on and make arrangements for in advance”.

1.6.3 Investigative interviewing

Investigative interviewing is a major fact-finding method of investigation (Ferraro, 2015:59; Miller & Gordon, 2014:281), and a way to communicate with everyone involved in the investigation (including witnesses, victims, suspects, and police officers on the scene) to obtain the highest quality of information (Milne & Powell, 2010:210). It is a one-on-one conversation between an interviewer and interviewee, where the interviewer asks a series of questions to determine the facts of a specific case, and relies on the cooperation of a witness, victim, suspect or other involved party (Miller & Gordon, 2014:281; NITA Online Academy, 2021; Van Rooyen, 2018:12).

1.6.4 Private sector

This is the portion of the national economy that is not directly governed by the government (*Oxford Dictionary of English*, 2006:1402).

1.6.5 Loss adjuster

When someone submits a claim under their insurance policy, an insurance agent determines how much compensation should be paid (*Oxford Dictionary of English*, 2006:1038). The Institute of Loss Adjusters of Southern Africa (2022) describes a loss adjuster as the bridge between the insurer and the insured in the event of a claim.

1.6.6 Ombudsman for Short-Term Insurance

The Ombudsman for Short Term Insurance (OSTI), who serves as an impartial arbitrator between the insurance industry and the consumer, offers consumers a free, effective and fair method of resolving disputes regarding personal line, short-term insurance, including motor vehicle, buildings, contents, cell phone, travel, disability and credit protection insurance (OSTI, 2016; OSTI, 2021).

1.6.7 Short-term insurance

Short-term insurance may be defined as a policy that grants consumers protection against loss or damage of their properties insured such as vehicle, household items, etc. for a limited period of time (Dialdirect, 2022). Short-term (also known as non-life) insurance offers the client insurance cover for all non-life issues. This includes, but is not limited to, cover for incidents relating to fire, theft of property, accidents, motor vehicles, other forms of transport (aerial or maritime), travel, trade credit and liability insurance (Research and Markets, 2022).

1.7 RESEARCH METHODOLOGY

1.7.1 Research approach

Of the three research methodologies that were available, quantitative, qualitative and mixed methods, the researcher chose to use the qualitative method. This

approach was selected because the researcher wanted to investigate and, eventually, comprehend the meaning that people attribute to a particular situation (Creswell, 2014:4 & 186).

The researcher conducted one-on-one interviews with the participants, operating in their natural settings – that is, in the ‘real world’, to obtain first-hand information (Leedy & Ormrod, 2013:139; Neuman, 2012:290). The researcher learned about the specific problem from the participants and addressed the research to obtain the information needed for the study (Creswell, 2014:186).

1.7.2 Research design

There are five common research designs available to researchers: case study, ethnography, phenomenology, grounded theory and narrative (Creswell, 2014:14; Leedy & Ormrod, 2013:145). The design selected for this research was that of a case study.

The intention of the study was to inquire into a specific problem (the preliminary investigation practices of investigators), which is described by Creswell (2014:98) as an instrumental case. Noting that Creswell (2014:99) indicates that for an instrumental case, usually one bounded case is to be selected, the collective of investigators at TIH was considered as one bounded case, for the purpose of studying the problem under investigation.

The researcher did an in-depth inquiry into this case, using interviews, documents and literature, since reliance on one source is not considered sufficient (Creswell, 2014:98).

1.7.3 Bracketing

From November 2005 to June 2012, the researcher functioned as a loss adjuster within TIH. During this period, the researcher gained extensive knowledge about the value and importance of a preliminary investigation taking place prior to conducting investigative interviewing, when conducting investigation of insurance claims (Creswell, 2013:78).

Due to the researcher's extensive knowledge on this phenomenon, the researcher intentionally bracketed herself during the research process. This was done by setting aside any prejudgments about people or their views, and she conducted the interviews and data analysis with each participant with an unbiased and receptive presence, thereby gaining an understanding of this phenomenon as seen through the eyes of the participants at TIH (Leedy & Ormrod, 2013:146). The researcher currently holds the position of Senior Forensic Auditor within 1Life Insurance (Pty) Ltd, an affiliated company of TIH, which is a different division from the short-term insurance section.

1.8 POPULATION

The entire set of cases from which a sample is drawn is referred to as a population (Welman, Kruger & Mitchell, 2005:53). Since TIH operates nationally within South Africa, the researcher concludes that all loss adjusters within TIH will make up the population of this study. The size of this population is 63 nationally; however, it would make it impractical and uneconomical to conduct this research on a national level and include all 63 loss adjusters.

A target population is an object to be studied, and might include persons, groups, organisations, human products and events, or conditions to which they are exposed (Welman et al, 2005:53). A target population can therefore be seen as a group which is usually made up of people to be studied, and from whom one wants to be able to draw a conclusion (Maxfield & Babbie, 2015:18).

The researcher is currently based at the TIH Durban office in the KwaZulu-Natal Region of TIH. Due to her proximity to this office, she has purposefully selected all the loss adjusters based in the Durban Region, as the target population.

1.8.1 Sampling

A sample can be viewed as a "subset of measurements drawn from a population in which we are interested" (De Vos, Strydom, Fouche & Delpont, 2012:224). Feasibility, time and effort can be focused on generating better research, better instruments, more in-depth information, and better-trained interviewers or observers, whereas feasibility is seen as a primary justification for sampling (De Vos et al, 2012:224). There are two primary sampling approaches available to

researchers: probability and non-probability. For this research, the most suitable approach was that of non-probability sampling. This is an approach in which the probability of one person being selected above another cannot be predicted (Denscombe, 2013:24–25).

Sample A: Loss adjusters, Durban

Since there are only ten loss adjusters at the Durban office of TIH, the researcher chose to interview all of them; therefore, no sampling strategy was used. The majority (six) were male, and the remaining four were female. The group ages varied: two participants were under the age of 30, five participants were between 30 and 40 years of age, and three participants were over 40 years of age. All participants held a senior certificate, and seven of the participants held a post-school qualification. These qualifications ranged from a higher certificate to diplomas and degrees. Only one participant held a post-graduate diploma in the investigation field. All participants had been employed in an insurance company for the past five years, either as a claim's consultant or loss adjuster. None of the participants had a police detective background, meaning that they had not been in the employment of the South African Police Service (SAPS). Their knowledge and investigative skills were developed while on the job in the role of a claim's consultant or loss adjuster.

Sample B: Expert investigator

Since this study was focused on STI, the researcher sought out an expert who added value to the problem raised by the study. After lengthy discussions with the researcher's supervisor and several other role-players, the researcher selected one expert for an interview, using key informant sampling. This individual had to have more than 20 years investigative experience, both inside and outside the SAPS, of which at least 10 years had to include involvement with insurance companies (as either private or contracted forensic investigator). Moreover, the person had to be a member of the South African Chapter of the Association of Certified Fraud Examiners (ACFE) as well as a member of the Institute of Commercial Forensic Practitioners (ICFP). One such individual was identified.

Mr G. Jones, member of, and director at, JSC and Sinden, is a private forensic investigator with more than thirty years of operational investigative experience, both within, and external to the South African Police Service (SAPS). Mr Jones was contacted, and he agreed to an interview. He also waived his rights to anonymity. Mr. Jones is a male and 55 years of age. He has 38 years' experience as a forensic investigator which includes the investigation of short-term insurance claims. He was never employed as a Loss Adjuster at an insurance company, but as the director of JSC and Siden he has investigated a considerable number of STI claims, doing the same work as that of a Loss Adjuster. His highest qualification is a Diploma in Policing.

Mr Jones is a member of the ACFE and the ICFP, which are privately funded bodies within the private/corporate investigative domain. Being a member of these two bodies elevates the professional status of such a person since their investigative conduct must adhere to the standards prescribed by these bodies. Mr Jones is also a registered member of the Private Security Regulation Authority (PSiRA), which regulates the security industry of South Africa under the PSiRA Act, Act 56 of 2001 (Netshivhuyu, 2018:2). In accordance with the provisions of this act, all private investigators must be registered with PSiRA as a security service provider.

1.9 DATA COLLECTION

Kumar (2014:171–172) mentions two approaches of information gathering: (1) primary data collection, where the researcher will collect information from primary resources, grouped under observation, interviewing and questionnaires; and (2) secondary data collection, grouped under documents, which includes earlier research, personal records, client history, service records and government publications. All forms of data collection can be grouped into four basic types of data collection methods: interviewing, observation, documents and audiovisual material (Creswell, 2013:157–158). In this study, the researcher collected data using one-on-one interviews and documentary analysis.

1.9.1 Literature

According to Kumar (2014:48), the purpose of literature reviews is (1) to establish a connection between the proposed research study and what has already been studied, and (2) to integrate the research findings into the body of knowledge that already exists. This is in addition to giving the research study a theoretical foundation. The literature review assisted the researcher in bringing clarity and focus to her research problem, improving on her research methodology, and broadening her knowledge base in her research area (Kumar, 2014:48–49).

The researcher consulted a wide range of literature sourced from the University of South Africa (Unisa) library's Durban branch and the main campus at Muckleneuk. To find literature relevant to the research topic, keywords were entered into the Online Unisa Library search option. The researcher conducted Internet searches using reputable library and study reference domains. Newspaper articles and industry publications were gathered as additional sources of information.

The researcher thus continued to conduct a thorough literature review to incorporate all the following important phrases:

- Preliminary Investigation within short-term insurance
- Short-term insurance fraud
- Investigation of short-term insurance claims
- Fraud within short-term insurance
- Short-term insurance and investigation
- Short-term insurance and preliminary investigation
- Insurance fraud and the investigation of claims
- Short-term insurance and fraud

Although the researcher found literature on the above topics in sources including textbooks, internet documents/articles and previous research/studies, the researcher was unable to find any study on the exact topic of 'preliminary investigation prior to conducting investigative interviewing – a case study in the private sector'.

1.9.2 Interviewing

Of the various interviewing options available to the researcher (unstructured, semi-structured and structured), the researcher selected the semi-structured approach. This approach was used, because it focuses on a specific line of inquiry, with the interview schedule being designed beforehand. It permits the researcher to ask structured questions, but also the option to probe and interrogate themes that emerge during the interview (Nieuwenhuys, 2016:93).

The researcher tested the interview schedule before it was used. Piloting of a data-gathering instrument helps the researcher to test the comprehension of the instrument, and to gauge whether it delivers the data required. It is essential that newly constructed research questions be thoroughly pilot tested, to ensure that errors can be rectified immediately, before being used in the main investigation. Pilot testing has two objectives: (1) to improve the face and content validity of the instrument, and (2) to determine how long it will take to complete the research questions (De Vos et al, 2012:195).

Since the pool of loss adjusters was so small at the Durban office, the researcher offered to test the instrument on her husband, who had a decade of experience as a loss adjuster at TIH. He is no longer a loss adjuster and has moved on to a different role in TIH. The researcher and her supervisor discussed this with one of the most experienced members of the ethics committee in the College of Law.

After much deliberation, it was decided that there was no significant conflict of interest, since it was the piloting phase of the research, and none of the empirical data would be used. It was also recommended that the researcher be transparent about who was to be used to pilot the instrument, and to explain the reasoning behind this approach. The interview schedule was piloted, and the data analysed. The researcher and her supervisor made the necessary amendments to the instrument and finalised it. This interview schedule was used for Sample A only. It is attached as Annexure A.

Once gatekeeper permission was obtained from TIH, the researcher personally conducted semi-structured, one-on-one interviews in an online format, using MS Teams as platform, with each of the participants referred to in para 1.9 *supra*.

This helped the researcher to gain the perspectives and the shared experiences of the loss adjusters at TIH.

Based on the gatekeeper permission, the researcher obtained consent from each participant who participated in the interview, on the following:

- That permission is given to conduct an interview;
- That information supplied can be used in this research; and
- That the interviews can be recorded.

All the participants were made aware that they could withdraw from the process at any time before or during the research, without there being any consequences. Using the MS Teams capability, the interviews were audio recorded and then transcribed by the researcher. The audio recording was done after informed consent was obtained from each of the participants. The participants from Sample A asked to remain anonymous.

The same data-gathering approach was used for the interview with the expert, Mr Jones, from a private forensic investigation firm, with the exception that this was an unstructured interview, and that he opted to not remain anonymous. The interview was conducted via the MS Teams platform. The interview guide is attached as Annexure B.

1.9.3 Documents

The researcher collected documentation on her study topic, which included legislation relating to insurance companies, annual reports of the ombudsman and TIH, as well as the Standard Operating Procedures (SOP) concerning loss adjusters and investigating within TIH (Kumar, 2014:196–197).

Legislation needs to be taken into consideration, as loss adjusters within TIH must adhere to the General Code of Conduct for FSP and TCF as its representatives. The TCF guided the researcher on what conduct is expected from loss adjusters when investigating a claim. Similarly, the SOPs concerning loss adjusters and investigating within TIH directed the researcher to similar conduct which has been recorded at TIH, pertaining to how loss adjusters should conduct claims investigations.

The annual reports from the ombudsman and TIH assisted the researcher in gaining insight into previous history regarding overturned claims relating to poor investigation and inadequate evidence, including the direct financial impact it had against the company.

At the time of writing this study it was not possible to access historical data (stats) with regards to overturned claims related to poor investigation.

1.10 DATA ANALYSIS

Denscombe (2013:235) described data analysis as the process where the researchers analyse what was found from the research so that they can define it, explain it, and offer an interpretation of its meaning. A researcher thoroughly investigates the empirical facts when analysing the data to form a conclusion (Neuman, 2012:352).

To examine textual information, including interview transcripts, the researcher used qualitative content analysis, which is the most suitable method for identifying the major themes that emerge from the textual data (Flick, 2009:323; Kumar, 2014:318).

There are several strategies to qualitative data analysis that the researcher could use. Kumar (2014:318) provides four steps which were used by the researcher and can be explained as follows:

Step 1: After transcribing the interviews, the researcher read them one by one to gain an overall view of the data. The researcher identified the main themes by perusing the participants' answers to each question, to understand their meaning of the question communicated to the researcher. Broader themes were developed, reflecting from these meanings.

Step 2: Coding the main themes: According to Neuman (2012:354), qualitative coding is a crucial component of data analysis because it condenses enormous amounts of raw data into manageable amounts and imposes order on the data. Neuman (2012:356) further explains three forms of qualitative coding namely open, axial, and selective coding. It is noted that this type of coding is primarily used in a grounded theory approach. The researcher went through each of

these coding phases. During the first phase, open coding, the researcher read the data, identified concepts and themes, and assigned initial codes and labels to them. This was followed by axial coding. The researcher's primary concentration was on gathering codes and the initial, basic thoughts or themes from the open-coding procedure, however, when the study progress, the researcher examine the data once again. Thus, the researcher focused less on the raw data, and more on the codes and themes. For selective coding as the last phase of qualitative coding, the researcher passed through data, using the identified codes and themes as lens to ensure that the data had been fully and accurately analysed.

Step 3: In this step, the researcher categorised the responses from participants, under the main themes.

Step 4: The researcher integrated the themes and responses into the text of the research report as per Chapter 2.

1.11 METHODS TO ENSURE TRUSTWORTHINESS OF STUDY

Validity in quantitative research is the ability of a research tool to show that it is discovering what you intended it to discover, while reliability is the consistency of a research tool's conclusions across time, since the data is fixed and structured. Conversely, in qualitative research, validity and reliability are not measured in the same manner. The term 'trustworthiness' is used. Four factors that are closely related to validity and reliability are used to determine trustworthiness: credibility (which parallels internal validity), transferability (which parallels external validity), dependability (which parallels reliability) and confirmability (which parallels objectivity) (Kumar, 2014:218–219). Qualitative reliability shows that the researcher's methodology is consistent across multiple researchers and projects, whereas qualitative validity denotes that the researcher verifies the findings' accuracy by using specific techniques (Creswell, 2014:201).

1.11.1 Methods to ensure trustworthiness: Validity

1.11.1.1 Credibility

By ensuring that the findings of the qualitative research are credible, or believable, from the standpoint of the research participants, the researcher must build credibility (Kumar, 2014:219). A question was asked by Nieuwenhuys (2016:123) as “To what extent are the findings compatible with reality?”. The researcher reverted to each participant for confirmation, congruence, validation and approval of the findings, by employing member checking to ascertain the validity of the qualitative findings (Creswell, 2014:201; Kumar, 2014:219). The researcher also consulted frequently with the supervisor of the study. The validity of the research becomes higher, the more each participant agrees with the findings of the study (Kumar, 2014:219). Credibility is also enhanced when the researcher presents rich, thick descriptions of literature review studied: this is done in Chapter 2.

Another research technique is triangulation, in which the researcher compares data from various sources of information by using data gathered from various informants or at various dates (Cresswell, 2014:201). Firstly, the researcher’s personal experience as a loss adjuster was used to construct the interview schedule. The researcher’s experience was compared with the literature and the analysed interview data. Secondly, the researcher obtained literature from various authors, and independent of one another, which were referenced to ensure validity. Lastly, the researcher conducted interviews with loss adjusters working in the field, investigating fraudulent STI claims. Each participant answered the questions according to their own knowledge and experience. Since the researcher spent a lengthy time in the field as a loss adjuster, such experience helped the researcher to developed in-depth understanding of the phenomenon under study. The more experience that a researcher has with the context of the study (the participants in their setting), the more accurate or valid will the findings be (Creswell 2014:201).

1.11.1.2 Transferability

The ability of qualitative research findings to be generalised or applied to different contexts or settings is referred to as transferability (Kumar, 2014:219).

Denzin (1983) asserted that generalisations to other similar contexts is rarely the purpose of qualitative research. Within the qualitative space, the term 'transferability' is used. Transferability is extremely difficult to establish, although it is possible if the researcher discusses the procedure being used, in great detail (Kumar, 2014:219). By providing rich, thick descriptions, the researcher ensured that the findings may be transferable (Creswell, 2013:246). To this end, Leedy and Ormrod (2013:141) explain that when the researcher unpacks the context of the case accurately and comprehensively, it will assist others to be in a better position about the extent to which the findings may be generalised to other situations.

1.11.2 Methods to ensure trustworthiness: Reliability

1.11.2.1 Dependability

If one could observe the same thing twice, dependability asks if one would obtain the same results (Kumar, 2014:219). To ascertain the level of dependability, the researcher kept an extensive and detailed record – an auditing of the research process for others to replicate (Creswell, 2013:246; Kumar, 2014:219). The choices of data collection by the researcher were based on personal experience, the literature and interviews. Through a detailed and comprehensive narrative contained in this chapter, the researcher explicated the entire research process, thereby underscoring the dependability of the research process and its results.

1.11.2.2 Confirmability

The extent to which the findings could be verified or corroborated by additional sources is indicated by confirmability (Kumar, 2014:219). To ascertain the level of confirmability, the researcher kept an extensive and detailed record; she recorded each interview and personally transcribed it. In addition, the researcher conducted coding on the first 2–3 interviews and later submitted this to the supervisor for a discussion of themes and identification of trends identified (Creswell, 2013:253–254).

To demonstrate the 'accuracy' of the researcher's findings, Creswell (2013:250) contends that qualitative researchers need to have validation procedures.

Creswell (2013:246) suggests that researchers should employ at least two of the validation procedures at their disposal, to enhance the trustworthiness of the research. The researcher used the following strategies to enhance confirmability:

- The researcher made use of peer review or debriefing, which help to provided her with an external check of the research process.
- The researcher clarified her own bias from the outset of the study and addressed this under Bracketing in paragraph 1.7.3 *supra*.
- By asking participants for their opinions on the validity of the findings and interpretations, a researcher conducts member checking. The research findings were therefore returned to each participant to obtain confirmation, congruence, validation and approval.
- The researcher thoroughly detailed the subjects or study site; therefore, readers would be able to decide whether the findings were transferable. The researcher made use of in vivo quotes from the participants, to enhance discussions.

1.12 ETHICAL CONSIDERATIONS

Ethics is a guide to one's daily behaviour and decisions and assists one in what is right and what is wrong, what is honest and what is dishonest, and what is proper or improper (Neuman, 2012:53). Leedy and Ormrod (2013:104) discuss four categories which most ethical issues should adhere to in a research study. Protection from harm, informed consent, the right to privacy and candour with colleagues in the workplace are some of these categories. To adhere to these categories, the researcher obtained formal approval from her company to undertake the research, and approval from the participants to conduct the interviews. In so doing, the researcher agreed to adhere to the Unisa Code of Ethics throughout the study, and to honour the right to privacy where applicable.

The researcher complied with the Unisa Code of Ethics. The researcher first obtained ethical clearance from the Ethics Review Committee in the College of Law. The ethical clearance certificate is attached as Annexure D.

After ethical clearance was received, the researcher formally applied for approval from the company to conduct interviews. Gatekeeper permission is attached as Annexure C.

The researcher did not force any participant to take part in an interview. The researcher obtained informed consent from each participant to be interviewed voluntarily. The anonymity of the participants has been ensured by issuing each one with a unique number. They are referred to by a participant number in the list of references. The researcher also avoided subjective interpretation of literature that might create a deception. All literature that was used during this research was acknowledged by means of proper references. The dissertation was submitted to Turnitin prior to examination. Turnitin certificates attached as Annexure E.

Both the Singapore Statement and the Belmont Report for research ethics were consulted. For this study the researcher made every effort to respect and show beneficence and justice to all the participants (HHS.gov, 2018). The researcher approach included an attitude of non-maleficence in all her undertakings. In adherence to the Singapore statement, the researcher conducted all her work with integrity, responsibility, professionalism and stewardship (Anderson, 2022). The researcher's role into the study was approached with humility and caution.

1.13 RESEARCH STRUCTURE

Prior to conducting investigative interviews in the private sector, it is necessary to understand the field of this research, in order to address the goal of the study in the study of the preliminary investigation and planning as the first phase of a criminal investigation. For this reason, the remaining chapters of this study are organised as follows:

Chapter 2: Short-term insurance investigation: an overview

The researcher discusses the different role-players in the field of investigation and what cost effect crime has within the short-term insurance industry in South Africa. The researcher also discusses various types of short-term insurance schemes and indicators (red flags) to identify these types of schemes.

Chapter 3: Preliminary investigation as cornerstone to the investigative process

This chapter is a detailed discussion of diverse investigation processes within the public and private sector. The objective of this research is to evaluate the value of preliminary investigation. The researcher discusses in detail the framework of preliminary investigation, and whether it is applicable and/or applied when conducting only desktop investigation, or desktop and on-the-road investigation, within the loss adjuster's environment. Lastly, the researcher also discusses the importance of investigative interviewing and tools. Empirical data is infused with the discussion in the text.

Chapter 4: Findings, recommendations and conclusion

In the final chapter the researcher connects the results obtained through the empirical data with the literature reviews. In this chapter the researcher will present the findings of the research, and offer recommendations based on these findings.

CHAPTER 2

SHORT-TERM INSURANCE INVESTIGATION: AN OVERVIEW

2.1 INTRODUCTION

Fraudulent claims might account for up to 32% of all claims made in any given year. This translates that one third of insurance claims in South Africa are associated with some form of dishonesty, according to the South African Insurance Association (SAIA) (Staff Writer, 2020), so there is cause to investigate (Bowman, 2018). In addition, Bowman (2018) asserts that while it may be appropriate in some circumstances to conduct additional investigation, insurers, loss adjusters and their staff members must exercise caution to avoid violating data privacy regulations and fulfil their obligation to treat clients fairly. There are essentially two types of insurance fraud: those who purchase insurance policies with the purpose to steal, and those who have already purchased policies but have either falsified or exaggerated the value of their claims for items that were really stolen (De Klerk, 2018).

Old Mutual insurance expert, Christelle Coleman, says that the current, worsening financial situation is the cause of the rise in false insurance claims, because it can be subtle and sneaky (Staff Writer, 2020). People will add a few items to the claim that were never lost, or else increase the claim amount loss to make up for the excess that needs to be paid (Staff Writer, 2020). According to Coleman consumers may believe that this kind of behaviour is legitimate, but it is plain fraud, which is a source of concern (Staff Writer, 2020).

Based on the researchers' experience, validation is done on all the information provided by the client when an insurance claim is being investigated, starting with the initial call to the insurer, to submit the claim over the phone, and continuing with the request for documentation, a visit to the accident scene/scene of loss, interviews with witnesses, and the gathering of additional information from the South African Police Service (SAPS), hospitals, or beacon and billings of the client's mobile phone once permission is gained from the

client. Coleman (Staff Writer, 2020) concurs and adds that it is not even necessary to be sophisticated.

Coleman (Staff Writer, 2020) goes on to say that if a motor accident happened between the hours of 11 pm and 4 am, this period will be viewed as a 'red flag' or indicator of a potential issue. Such claims will always be investigated, because this is when people are socialising and may be drinking. It could be a claim where the incident driver was driving under the influence of alcohol (Staff Writer, 2020).

The term 'red flag' is a metaphor. A red flag may be any undesirable characteristic, a set of circumstances, or even a deviation from the norm that makes a situation or event stand out, thereby suggesting that there may be a potential problem (Leonard, 2022). A red flag is frequently inconsistent and is never proof of insurance fraud on its own (Moody, 2018; Zalma, 2012). A red flag is a cautionary symbol that when it appears, compels an insurer to further investigate a claim.

An investigation is defined as looking into, researching, tracking and gathering of factual material that will provide answers to questions or solve a problem (Gehl & Plecas, 2016:47; Sennewald & Tsukayama, 2006:3). The gathering of information, the use of logic, and the application of solid reasoning are all part of the investigative process. The claims investigation procedure used by Short-Term Insurance (STI) providers is comparable to other public sector investigations such as those carried out by SAPS investigators. The process generally comprises of finding witnesses, gathering evidence, checking records such as the police report, accident report, a receipt for the stolen item, inspecting and photographing damaged property or the accident scene, as well as examining the client's social media accounts. But there are some differences, as they will become clear in the discussion.

To determine whether an investigation is necessary, and to formulate the objectives of such investigation, a preliminary investigation must be conducted (Rada, Jones, Harvey, Senn & Thomas, 2013:14). The preliminary investigation is viewed as the process that guides the investigators, so that the total time spent on the investigative activities will be minimised, but with a positive result

(Preliminary Investigation Manual, [s.a.]:2). During this process, the investigator identifies those investigative strategies which are most effective to address the crime being investigated. In summary, to determine if a full-scale investigation is necessary, a preliminary investigation needs to be conducted first. In this context it is vital to remember that the cost to the company must not be outweighed by the man-hours it will take to investigate each an incident.

Prior to addressing the primary research question, it is pertinent to first explain the context within which the investigations take place, in the STI at TIH. By first laying this foundation, the reader will be in a better position to understand preliminary investigation as it occurs within the STI at TIH. This chapter presents a brief explanation of the different role-players in the field of investigation, and an overview of STI in general in South Africa. The chapter will also illustrate the financial impact of crime on short-term insurance. Further, in this chapter the researcher discusses insurance fraud schemes that fraudsters use to gain financially from an insurance company, as well as red flags or indicators that a specific incident or claim requires further examination. As mentioned previously in Chapter 1, there is a paucity of literature on the STI domain specifically and investigations therein; thus, the researcher was obliged to make use (sometimes over-use) of those sources that were available. Where possible, the researcher supplemented these with other seminal sources – not purely from the STI space, but which were relatable to the discussion at hand. This underscores the timeliness of this research to address a distinct gap in the literature.

The results of the interviews depict the experiences, and perceptions of each participant in respect of their understanding of preliminary investigation when verifying a claim within the STI space. The questions and answers that are relevant to the content of this chapter are presented alongside the literature. This is followed by an interpretation of the responses and *in vivo* quotes in support of the discussions.

2.2 ROLE-PLAYERS IN THE FIELD OF INVESTIGATION WITHIN SOUTH AFRICA

In the matter of *S v Botha and Others* (1) 1995 (2) SACR 598 (WLD) the court stated that "... society have become so specialized and that there are so much legislation and industries which are being administered and regulated, that no police service in a modern society can investigate and prevent all crime without the assistance of private instances" (Unisa, 2014:12).

This is emphasised in Chapter 12 of the National Development Plan (NDP) (National Planning Commission, 2012:404). Nobody is above the law, and everyone, including an investigator, is equal in front of the law. This is what the term 'rule of law' means. As a result, the Constitution's requirements shall be followed in all inquiries and legislation under which investigations are performed (Benson, Horne & Jones, 2015:14).

In this section the researcher will briefly discuss the different role-players and their investigative parameters within the South African investigative context.

2.2.1 Criminal investigators or police detectives

In South Africa, police officials including detectives are appointed in terms of South African Police Service Act, 68 of 1995. The Criminal Procedure Act 51 of 1977, sections 19 to 36 grants these officials a wide variety of powers, including the ability to search a site and seize evidence, examine anyone inside, and make arrests. Additionally, there are several Acts of Parliament that give the police special authority to carry out their investigations. Police officers are commissioners of oaths as well, which means that as part of their employment as police officers, they are permitted to administer an oath or take a solemn declaration (Unisa, 2014:12–14).

2.2.2 Private investigators

The Private Security Industry Regulation (PSiRA) Act 56 of 2001 gives the meaning of a **Private Investigator** as a person who, in a private capacity and for the benefit of another person, investigates the identity, actions, character, background or property of another person, without the consent of such a person

(PSIRA Act 56 of 2001 section 1). All private investigating officers who are registered under PSIRA can also act as a peace officer and can make an arrest; however, they should be more skilled, diplomatic and persuasive when seeking information during an investigation, because they work in a private capacity and for the benefit of a third party, and do not have all the legal authority as a police detective (Benson et al, 2015:16; Buckwalter, 1983:xi; Unisa, 2014:15). The data and proof acquired by a private investigator become the property of the entity who ordered the investigation and provided the funding for it. Although the private investigator often works independently from the police, they both gather information and evidence in the same manner (Benson et al, 2015:17–18). Police investigators are restricted to criminal investigation, but the private investigator can investigate criminal, labour related and civil matters (Unisa, 2014:16).

The Association of Certified Fraud Examiners (ACFE) and the Institute of Commercial Forensic Practitioners (ICFP) are two notable organisations working to establish professional standards for the private investigators in South Africa, even though there is currently no formal universal code for them (Benson et al, 2015:17). Both the ACFE and ICFP requires a written exam as well as an annual- fee, annual fit and proper declaration, and Continuing Professional Development (CPD) Activities which maintain and develop professional competence within these two organisations. Being a member of either of these bodies sets a private investigator apart from their peers.

2.2.3 Corporate investigators

Corporate investigators are private investigators who are employed on a long-term basis by an organisation, a company or a bank, and have complete access to the company's data on personnel records, business transactions, and a wealth of other crucial information that a police detective may need. Since quite a number of them are ex-police officers, they are mostly willing to help SAPS officers and other investigators. Investigating crimes, disciplinary matters, offences, as well as irregularities while safeguarding a company's resources, people and cash, are all duties of corporate investigators (Unisa, 2014:17–19). Corporate investigators do not have to be registered with PSIRA as private investigators.

For the purposes of this study, the loss adjuster who is permanently employed by TIH is considered a corporate investigator. The loss adjuster therefore has access to TIH systems and client information. The researcher interviewed ten participants. The majority were males, and the rest were females. It is evident that males continue to dominate employment in almost all sectors in the workplace, most occupational categories, and most business types (Sinden, 2017). This includes the financial and business sector where males comprise 75% of the workforce, but females only 25% (Sinden, 2017).

The empirical data reflected that half the participants were aged between 30 and 40 years, and only around a third were over the age of 40. The Institute of Loss Adjusters of Southern Africa (ILASA) indicated that the average age of a loss adjuster is well over 45 years (ILASA, 2014), as it does not only require skill and knowledge, but also a high degree of professionalism.

From the data presented above, the participants are comprised predominantly of two generations: Millennials (aged 22–37 years) and Gen Xs (aged 38–53 years). The Millennials comprise the majority of the participants, and they carry a great deal of influence, in both sociocultural and economic ways.

This generation is the most ‘connected’ generation, as they grew up immersed in technology – a good asset to have, in order to connect with customers (Herosmyth, 2017). They are often referred to as ‘digital natives’ because they grew up with technology (Herosmyth, 2017). Studies have also found that almost half of Millennials and Gen X customers prefer an easy, self-service application (app) for claims reports and interactions (Brower, 2022).

None of the participants were previously employed by SAPS, and therefore had no previous formal investigation training. All the participants were employed within the financial sector in the last five years, mostly as claims consultants, after which they progressed to the position of loss adjuster. All the participants indicated that they obtained their investigative experience while on the job, or were self-taught. The majority of the participants held a qualification of either a higher certificate, diploma or degree. Only one participant held a postgraduate diploma within the area of investigation. According to Jones (2021), when a

claim is submitted, a claims consultant will assess it to determine if such a claim requires further verification by the investigation department (loss adjusters).

When considering the research on the various generations, technology and emotional maturity, the staff composition of the loss adjusting department at the Durban branch of TIH is on par with institutional best practice in the market-place. Although none of the participants received formal training in investigation or how to investigate, their knowledge of short-term insurance terms and conditions, as well as the skill to investigate within this space, was developed while on the job in the position of claims consultant for a number of years. This underscores the idiom of 'walking before running'.

2.2.4 Statutory investigators

Statutory investigators are neither police, private or corporate investigators; instead, they belong to a distinct category entirely, and are responsible for upholding the laws that define their duties (Unisa, 2014:19). 'Statutory investigators' is a category that primarily refers to an investigator who has been formally appointed under the terms of a certain piece of legislation or statute to investigate particular issues specified in that law or statute. They only have the authority that is granted to them by that statute or law.

Their mandate and authority are typically restricted to a particular area of criminal investigation and law enforcement (Benson et al, 2015:16; Van Rooyen, 2018:3–4).

This category of investigator may be from any of the following entities:

- Special Investigating Unit (SIU)
- South African Revenue Service (SARS)
- South African Reserve Bank (SARB)
- Customs and Excise
- Independent Police Investigative Directorate (IPID)
- Environmental Management Inspectorate (EMI)

2.3 SHORT-TERM INSURANCE (STI) INDUSTRY IN SOUTH AFRICA

The well-established, comprehensive financial sector, which contributes more than 15% to the South African economy and employs more than 17 000 people permanently, includes the market for short-term insurance in South Africa (Mukwakungu & Mbohwa, 2016:366).

2.3.1 Crime and cost within the short-term insurance industry

The Insurance Crime Bureau (ICB) estimates that 20% of the R35 billion paid out by STI claims during 2019 may have been fraudulent, meaning that the South African STI industry lost almost R7 billion to fraud in solely that year, according to Coleman (2020) and Geldenhuys (2021). Coleman (2020) adds more detail by claiming that many people do not view misdemeanour behaviours as fraud, but view insurance fraud as a pretty mild practice that causes no harm to anyone.

According to a global survey conducted by PwC in 2020, customer fraud is the most common sort of fraud being committed, followed by cybercrime, asset theft, bribery and corruption (PwC, 2020:3). Customer fraud has surged by 35% since 2018 and is particularly prevalent in the financial services and consumer goods industries.

TIH is a member of the Insurance Crime Bureau (ICB), a non-profit organisation, founded in 2008 with the goal of preventing fraud against insurance providers. The ICB, along with the various insurance providers such as Clientele, Hollard, KingPrice, MiWay, Liberty, Santam and others, law enforcement organisations and other interested parties, facilitates the identification, avoidance and reduction of insurance crimes. Through ongoing insurance fraud investigations, the ICB also assists in the prosecution of repeat offenders and fraudsters (ICB, 2022).

Sample A was asked, “How many ¹STI insurance claims do you investigate per month?” Their responses were as follows:

¹ Short-Term Insurance

Each participant indicated that they received, on average, 18 claims per month to investigate. This quantifies to an amount of approximately 180 potentially fraudulent claims being investigated per month, and approximately 2 160 potentially fraudulent claims being investigated per year.

The participants were then asked, “How many STI insurance claims do you reject per month successfully, without the ombudsman overturning it?”. Their responses were as follows:

The participants indicated that five (5) claims, on average, get rejected monthly. This implies that 27.7% of the 18 claims investigated by each participant are successfully rejected due to misdemeanour actions. This is a significant finding, as it correlates well with what Coleman (2020) and Geldenhuys (2021) report, above. In fact, TIH has managed to go beyond the 20% threshold as set by the insurance industry.

2.3.2 Short-term insurance in South Africa

The aim of STI, often known as non-life insurance, in South Africa, is to protect people from a wide range of loss and damage brought on by current loss events, in exchange for a payment from the insured person (Still & Stokes, 2016:23). The Financial Sector Conduct Authority (FSCA), whose authority is outlined in the Financial Sector Regulation Act, 9 of 2017 (hereafter referred to as the FSR Act), oversees the short-term insurance market in South Africa (Still & Stokes, 2016:23).

Loss or damage resulting from an accident, hijacking or theft of a motor vehicle, loss or damage to buildings and contents resulting from an accident, fire or theft, third-party liability and personal accident, as well as hospital cash plans, gap covers and travel insurance, are common risks covered by STI (Still & Stokes, 2016:23). Personal lines, commercial lines and corporation insurance are the three main categories of short-term insurance. Figure 2.1, below, reflects the STI landscape which shows the personal lines and commercial lines (Still & Stokes, 2016:24)

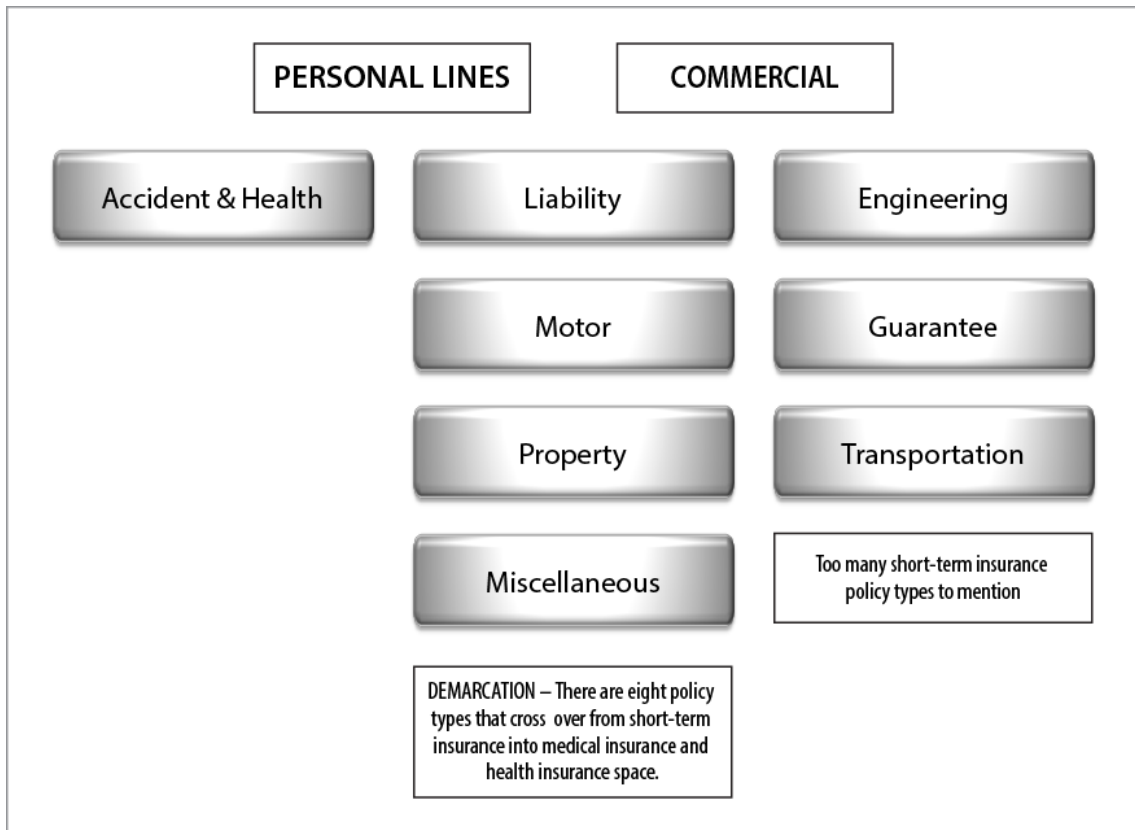


Figure 2.1: Personal and commercial lines of insurance (Still & Stokes, 2016).

The Short-Term Insurance Act 53 of 1998 defines an STI business as a registered short-term insurer that offers a policyholder, a natural person in the personal line, STI policy benefits in exchange for a premium, with the possibility that a specific event may occur during the time that such An STI policy benefit is in effect.

The STI policy benefits, underwritten by registered short-term insurers under the Short-Term Insurance Act, includes the following:

- i) “*Motor policy*: a benefit that protects against risk in the event of an accident involving a motor vehicle.”
- ii) “*Property policy*: a benefit in the event of the use, ownership, loss or damage of real estate, whether it be mobile or immovable.”
- iii) “*Transportation policy*: a benefit in the event of losses from using, possessing, or owning a ship, aeroplane, or other craft for the transportation of people or goods by water, air, space, or land, as well as the treatment or handling of items in transit.”

- iv) “*Accident and Health policy*: a benefit in the event of illness, disability, or death.”
- v) “*Guarantee policy*: a benefit that defends an insured against a third party’s breach of contract.”
- vi) “*Liability policy*: a benefit that offers protection in the event that a specified liability is incurred.”
- vii) “*Engineering policy*: a benefit that protects against risk associated with owning, operating, and owning machinery or equipment – but not motor vehicles – for the purpose of conducting business, as well as with the construction of buildings and other structures or the installation of machinery or equipment.”
- viii) “*Miscellaneous policy*: a benefit covering risk not defined in the other seven policies *supra*.”

Loss adjustors within TIH investigate claims relating to the motor policy and property policy.

2.3.3 The insurance policy: the contract

The insurance policy is a contract between the insurer and the insured, and as such is governed by specific contract law principles. Pre-existing conditions are excluded from the insurer’s obligation to indemnify the insured against losses, damages or liabilities resulting from an unforeseen event. When someone tries to gain financially by violating the conditions of the insurance arrangement, they are engaging in insurance fraud (Whitaker, 2019:1). Such non-compliance is discussed below.

2.3.3.1 The obligation of the insured

An insured commits insurance claim fraud when they give false information, or overstate information, to obtain the funds promised by their insurance policy (TransUnion, 2020). Section 53 (1)(c) of the Short-Term Insurance Act regard the following as misrepresentation, and the section reads as follows:

“Notwithstanding anything to the contrary in a short-term policy contained, whether entered into before or after the commencement of this Act, the obligations of the policyholder shall not be increased, on account of any representation made to the insurer which is not true, whether or not the representation has been warranted to be true, unless the representation is such as to be likely to have materially affected the assessment of the risk under the policy concerned at the time of its issue or at the time of any renewal or variation thereof.”

The doctrine of utmost good faith is one of the most fundamental doctrines in insurance law and is a contractual legal doctrine which requires that both parties to the insurance contract must act honestly, and not mislead or withhold critical information that is essential to the contract (Reinecke, Van Der Merwe, Van Niekerk & Havenga, 2002:112; Vivian & Mushai, 2020:95–96).

According to Millard (2013:79), when a potential insured provides inaccurate information, fails to respond to a query, or withholds material information, there has been a violation of the pre-contractual duty to disclose. The contract is voidable at the insurer’s discretion, regardless of whether the misrepresentation was made knowingly, carelessly, or unintentionally, because it influences consensus (Millard, 2013:79).

It is standard practice that an insurance contract contains a provision that deals with fraudulent claims. In the event of a fraudulent claim, this clause states that the insurer may cancel the insurance contract or that all benefits under the contract will be forfeited (Reinecke et al, 2002:240). This view is still relevant two decades later. According to Dinnie (2020), a properly designed fraud clause can be used to successfully reject claims that are partially fraudulent, or where fraudulent means or devices are used.

In *Hiepner v. SA Eagle* 2002 (1) the policy’s fraud clause stated that all benefits under the policy would be lost if any claim under the insurance was false in any way. The insured made a legitimate claim for the loss of both of their automobiles, but they also falsely stated that other items were in the vehicle at the time of the loss. The insured attempted to claim that there were two distinct claims that were independent of one another and that, as a result, the claim for

the vehicle should be paid even though the claim for the contents was fraudulent. The court found otherwise. The different articles claimed for were protected under a single insurance policy, and the fraud provision could be used to reject the claims (Dinnie, 2020).

The Supreme Court of Appeal rejected another fraudulent insurance claim in *Papagapiou v. Santam Limited* (58/2005) [2005] ZASCA 140 (30 November 2005). The request to inflate the damage to the lost goods came from the insurer to the loss adjuster. The claim was denied by the insurance based on the fraud clause, after it was made aware of the fraudulent request to inflate the claim. In order to collect a benefit under the policy, the court determined that the insured's dishonest behaviour constituted fraudulent methods or devices. It made no difference whether the fraud was perpetrated before the claim was filed, whether the loss adjuster refused the request to inflate the damage to the lost goods, or whether any fraudulent benefits were acquired under the policy (Dinnie, 2020).

The OSTI recently outlined several client's behaviour that could lead to the insurer terminating coverage or rejecting a claim, including providing inaccurate information about the regular driver under a motor vehicle insurance policy, failing to update the risk address, using the insured property for business purposes without disclosing this to the insurer, poor workmanship on motor and home improvements, and exaggerating one's loss. The ombudsman claims that this is the wrong way to submit a claim, and that clients run the danger of having their whole claim, including legitimate losses, rejected by the insurer (OSTI, 2019).

When there is any indication of fraud or dishonesty, several insurance companies have a forfeiture clause that allows the insurer to reject the entire claim (OSTI, 2019).

In the next section, specific emphasis is given to a selection of fraud schemes which may be perpetrated against an insurance company.

2.4 INSURANCE FRAUD SCHEMES

Whitaker (2019:2) indicates that there are various insurance fraud schemes that fraudsters use to gain financially from an insurance company. Whitaker (2019:2–8) describes the following as STI fraud schemes:

2.4.1 Vehicle insurance schemes

The first fraudulent type of scheme in relation to a vehicle is called ‘ditching’. Getting rid of a car in order to cash in on an insurance policy or pay off a loan is often referred to as the ‘owner give-up.’ Typically, a small down payment is required to purchase an expensive vehicle. The owner reports the car as stolen; however, in some instances, the owner just abandons the car in the hope that it will be stolen, disassembled for parts, or towed to a tow yard where it would be destroyed (Whitaker, 2019:2–8).

‘Past posting’ is the second fraudulent scheme. This scheme involves an individual who is in a car crash without insurance. One obtains insurance, waits a short while, reports an accident involving the car, and then proceeds to recover compensation for the losses (Whitaker, 2019:2–8).

2.4.1.1 Vehicle smuggling

This plan calls for obtaining the biggest loan possible to buy a new car. The title of the vehicle is turned into a fake stating that it is free and clear. The car has the lowest deductible theft coverage and the maximum amount of insurance. After that, it is transported to another country and declared stolen. At the new location the car is sold, and the insurance proceeds from the theft are also gathered (Whitaker, 2019:2–8).

2.4.1.2 Phantom vehicles (paper vehicles)

The ‘certificate of title’ is a document that proves the legitimate ownership of a vehicle and acts as the basis for the issuance of insurance policies, albeit it is not absolute proof that a car even exists. It has been demonstrated that collecting on a phantom car is simple to perform (Whitaker, 2019:2–8).

2.4.1.3 Staged accidents

An accident involving a vehicle is planned to happen in these types of schemes. The perpetrators migrate from one location to another, and the schemes are arranged into rings. They frequently employ the same vehicle repeatedly, which occasionally leads to their plot being discovered (Whitaker, 2019:2–8).

2.4.1.4 Vehicle Identification Number (VIN) switch (cloned vehicle)

A VIN switch is a fraud scheme when a wrecked car is sold and listed as having been fixed. The VIN plate is exchanged with one from a stolen car of the same make and type, rather than the vehicle being fixed (Whitaker, 2019:2–8).

2.4.2 Property schemes

2.4.2.1 Inflated inventory

On an insurance form, property loss due to fire or theft is declared; however, a list of the claimed property sometimes includes items that don't actually exist. The claimed property may have never belonged to the claimant, or it may have been sold in the past (Whitaker, 2019:2–8).

2.5 RED FLAGS

The term 'red flag' is a metaphor used extensively in audit fraud and criminal justice narratives. Red flags are not a definite indicator of fraud, but merely serve as an indicator that a specific incident requires further examination, thus pointing to a scenario where there is possibility of fraudulent activity is a possibility and needs to be investigated further (Henriksen, 2016:2–3).

Whitaker (2019:8–11) mentions the following red flags that might be an indication of insurance fraud:

- The claim is filed soon after the policy is first issued, or following an expansion or modification of the coverage that is the subject of the claim. This might entail buying more than one policy, a scheduled property or jewellery floater insurance, or a combination of policies in the period prior to the loss.
- The insured has a lengthy history of insurance losses and claims.

- Prior to the occurrence, the insured posed hypothetical inquiries to the insurance agent on coverage in the case of a loss comparable to the actual claim.
- Particularly if the claim is poorly recorded, the insured is extremely insistent on a quick settlement and shows more than typical understanding of insurance coverage and claims procedures.
- A claim for a burglary loss that includes large, bulky property is unusual for a crime.
- When a theft or fire loss claim involves a significant amount of recently acquired, valuable property and the insured claims that everything was the best or most expensive model available, it is particularly problematic if the insured cannot provide receipts, owner's manuals, or other documentary proof of purchase.
- In a claim for fire loss, missing items that would be expected to be personal or sentimental to the insured (such as pictures, family heirlooms or pets), are conspicuously absent.
- The insured is unable to recall where the claimed property was purchased, especially if it involves odd goods, or cannot give sufficient descriptions.
- The insured has all required receipts, supporting documentation, witnesses and duplicate images; the claim is too flawless.
- Documentation presented by the insured is inconsistent or dubious, such as when numbered receipts are from the same retailer that are dated differently or sequentially, documents that appear to have been altered in terms of dates, descriptions, or sums and/or documents are presented as photocopies and the insured is unable to produce the originals. On several receipts, invoices, gift verifications or appraisals, the handwriting or signatures are similar. Either the property's price or the receipt's date is incorrect, which affects the tax amount. There are no 'paid,' 'received,' or other shipping stamps on receipts, invoices or shipping documents.

- After a theft or other loss occurs while the insured is away from home, they wait an exceptionally long period to contact the police.
- On the day of the burglary or soon after, the insured can provide the police with a comprehensive list of every lost piece of property.
- The claim amount is different from the sum the insured provided to the police.
- When a burglary loss occurs when there is no outward sign of a break-in, or when the conditions exclude an unobserved burglary.
- The driver alleges that an electrical shortage in the engine compartment was what started a car fire that destroyed it, without any witnesses, in a distant rural region.
- According to preliminary information for a business or residential fire loss, the owner is under significant financial strain and pressure, and the fire's nature and origin are suspicious.
- The goods that are still on the scene are of far poorer quality than those that were reported taken as a result of a break-in at a business or home. Where heavy furniture or equipment was supposed to be placed, there is no sign of an indentation in the carpet's pile. The walls lack any hooks or nails where priceless artwork would have been mounted. Small entrances or exits prevent the removal of bulky objects without disassembling them.
- A claim is false, or it has been discovered that there was a cover-up on purpose.
- A witness wilfully tries to avoid being found by investigators rather than coming forward and providing accurate information.
- There is a discrepancy between the facts of the case and an official document of conclusions, and there is no justification for this discrepancy. The purported conclusions are not supported by photographs or other documents.

Research conducted in the insurance industry in Australia found that the red flag method, where suspicious indications are discovered either manually by a claims officer or by an automated process, has proved to be the most effective way to detect fraud. Common red flags include a policyholder enrolling in coverage just before an accident, a burnt-out car being found, a policyholder experiencing financial or emotional troubles, or the fact that the incident happened in a specific area (Financial Rights Legal Centre, 2016:15).

The conventional red flags, as per Lincoln, Wells and Petherick (2003:9), are early indicators of possible fraud. One or more red flags are essentially exploratory tools used by insurance firms to evaluate whether claims may be subject to additional fraud investigation. They do not always indicate evidence of fraudulent behaviour. Fraud in claims involving theft, or accidents involving motor vehicles, may be suggested by the following red flags:

- Multiple contracts with numerous insurance companies
- Misleading information (incorrect age or length of driving experience)
- Accident occurs in non-urban areas between 11pm and 5am on a weekend
- No police report
- Minor collision has led to unnecessary costs
- Insured is having financial/personal difficulties
- Insured familiar with insurance jargon
- Driver is eager to accept blame for accident/theft
- Vehicle purchased with cash
- Claimant is aggressive
- Vehicle reported stolen and found shortly afterwards

Based on the researcher's experience within the context of TIH, the claim will be submitted by the client. Once submitted, the claim is subjected to an automated process (designed on a predictive model), in addition to a parallel process where a claims processor will scrutinise the claim for possible 'red flags'.

The researcher further expresses that this is both an automated and a manual process and if any red flags are identified, such claim will be sent to the loss adjusting department. The predictive model uses modern algorithms to evaluate

and combine the risk associated with relevant factors to determine the likelihood of a valid claim, and/or if the specific claim would need to be sent to the loss adjusting department for further investigation.

This predictive model evaluates claims when submitted by the client, and auto-refers claims which fall outside agreed parameters to the loss adjusting department for further investigation. The evaluation is based on a percentage score, which is seen in relation to predetermined acceptable ranges, and would determine if a claim needs to be investigated or not. Known or historic red flags are not overridden by the predictive model, but rather supported with additional information. The claims processor sends the claim to the loss adjusting department for further examination if they have a 'gut sense' that something is amiss with the claim, or if they notice one, two, three or more red flags. Based on researcher's experience in TIH, the following elements are regarded as red flags, for which further investigation may be required:

- **Private use vs business use:** Although the car is insured for private use (own personal use), it was discovered at the scene of the collision that it is used for business purposes, such as delivery.
- **Regular driver:** The regular driver refers to the person who drives the vehicle most often and more frequently than any other person. A 52-year-old man, Mr X, is listed as the primary driver on the vehicle's insurance policy. It was discovered that Mr Y, a 19-year-old who was driving at the time of the event, used the car more frequently than Mr X, to get to university each day. Mr X owns a different car.
- **Driving under the influence (DUI):** The likelihood that the incident driver was under the influence of alcohol is high when a vehicle accident claim indicates that the incident occurred at 2:00 am on a Saturday or Sunday.
- **Paper or cloned vehicle:** Vehicles are examined to confirm their presence, condition, and mileage. If a policy started, and an accident, theft or hijacking occurred shortly after the policy's start date, this could be a warning sign that the car might be a paper or cloned vehicle.

- **Due care and unroadworthy:** Loss adjusters must look at the car's condition, including speed, unroadworthy tyres and faulty brakes. The condition must be relevant to the incident, such as when a car is stationed next to the road and is struck by another vehicle. During the claim assessment it is discovered that the stationary vehicle's tyres is unroadworthy. The claim will not be impacted by the stationary vehicle's unroadworthy tyres, because they were not relevant to the occurrence.

In each of these cases, the loss adjuster will begin by looking into the incident, in an effort to determine whether the claim is valid, proving or disproving the veracity of the red flag. This is consistent with the procedures in use by other insurance companies, which demonstrate that red flags should only be used as a tool to help insurance firms choose which claims to accept for further fraud investigation.

2.6 SUMMARY

It is evident that STI fraud is on the rise in South Africa. In this chapter, the researcher provided an overview of the investigative context in South Africa, and briefly mentioned each of the role-players: the police detective who works for SAPS, the private investigator, as well as statutory and corporate investigators. The sample from which the data of this research emanated is within the latter group. The research found that the profile of the loss adjusters at TIH is on par with best practice in this industry, in terms of age, but this space remains male dominant.

The researcher also explained how the STI industry works in South Africa, and the losses that the STI has incurred due to fraudulent claims. It appears that fraudulent claims are on the rise.

An STI policy is a contract between the insurer and the insured, where the latter has an obligation towards the insurer to provide true and accurate information when submitting a claim for an unforeseen loss.

The research also showed that the percentage of potentially fraudulent claims which the loss adjusters at TIH reject per month (without them being overturned

by the ombudsman) is above the norm within this industry. Having said this, customers and syndicates have developed various schemes to gain financially.

It is important for a loss adjuster to detect red flags, and to investigate such claims cost-effectively. Although a red flag is only a metaphor, it is in fact an indicator that points to a potentially fraudulent activity, and which needs further investigation. Once this has been identified, the loss adjuster can begin with the preliminary investigation phase. In Chapter 3, the researcher will address the preliminary phase of the investigation.

CHAPTER 3

PRELIMINARY INVESTIGATIONS AS CORNERSTONE TO THE INVESTIGATIVE PROCESS

3.1 INTRODUCTION

The Latin term '*vestigare*,' which means to track or to trace, is the source of the English word 'investigation', which includes a methodical, step-by-step observation, a careful inspection, the recording of evidence, and legal inquiries (Hess, Orthmann & Cho, 2017:8). Investigation is a methodical process for gathering information and reporting it (Benson et al, 2015:18; Gunter & Hertig, 2005:1). Gunter and Hertig (2005:1) also point out that careful attention to detail and an inquisitive mind are a necessity. A criminal investigation is defined by Benson et al (2015:18) as a systematic, organised, thinking, reasoning examination, and analytical procedure, intended to seek the truth.

In everything an investigator undertakes, the concept of 'process' is essential. The main factor allowing for scalable workplace investigations with constant quality is 'process' (Ferraro, 2015:1). An investigator will be able to review their work afterwards if they follow a step-by-step procedure, and the same outcomes will be obtained if another investigator duplicates or reproduces the procedure (Unisa, 2014:28).

The order in which events take place and the collection of evidence and information are dynamic and unpredictable just as with criminal incidents; however, no matter how events unfold, certain steps need to be followed. These involve the gathering of data and proof, analysis, the creation and testing of theories, identification of suspects, creation of plausible explanations, and finally, the taking of action (Gehl & Plecas, 2016:47). The investigative process is thus a series of actions or processes that go from the task of obtaining evidence to the analysis of the information, the formulation and validation of theories, the formation of reasonable grounds for belief, and finally, to taking action.

Sennewald and Tsukayama (2015:3) describe the investigation process as more of an art than a science. They describe it as a thorough activity comprising

the gathering of data, the use of logic, and the practice of solid thinking. The investigative process is considered as an activity present, to some degree or another, in practically all fields of human endeavour, and is not simply associated with criminal justice. The investigation process signifies a systematic search for the truth, and investigators need to understand the importance of doing their work in a well-planned, organised manner (Unisa, 2014:35). This is because investigators must ultimately explain their thought processes, in order to create logical justifications for their action (Gehl & Plecas, 2016:46), as an investigation process continues until a case is resolved (Andersen, 2019:7).

In Chapter 2, the researcher provided an overview of the role-players in the investigative processes in South Africa, and then focused on the STI industry by explaining how insurance fraud may be perpetrated, the use of 'red flags' and how investigations are then initiated in this space. In this chapter, the researcher will build on that foundational understanding, and present an overview of the preliminary phase of the investigative process, as approached by loss adjusters from the sample at TIH. The researcher will discuss the different investigative processes within both the criminal and corporate contexts and highlight the similarities.

Using the empirical data from the study, the researcher will explore and then describe the approach used by the loss adjusters during the preliminary phase of investigations at TIH insurance company. Discussions will address the preliminary investigation phase within the STI industry in greater detail, deal with desktop and on-the-road investigations, as well as the various investigative tools used by the loss adjusters during the preliminary investigation phase. This chapter further deals with interviews, investigation preparation and planning, as well as other investigative tools. Using the literature as foundation to the narrative, the researcher will discuss the empirical findings in relation to each of these topics. Discussions will be supplemented by direct quotations from the participants (samples A and B) of the study, where these topics were addressed during the data gathering with them.

Not all topics that were addressed with Sample A (Loss Adjusters) were addressed with Sample B (Mr Jones), and vice versa. Sample B consisted of a single participant, referred to as Mr Jones. This is his real identity, as he did not

select to remain anonymous. His credentials and the justification for his selection are addressed in Chapter 1 *supra*.

The overall purpose of this chapter is to determine to what extent the preliminary investigative phase is used by the loss adjusters at TIH when investigating red-flagged claims.

3.2 DIVERSE INVESTIGATIVE PROCESSES WITHIN THE PUBLIC AND PRIVATE SECTOR

As discussed in para 2.2 *supra*, there are several different investigative institutions and organisations that conduct all forms of investigations. The primary role-players in the law enforcement context are SAPS, who, by virtue of section 205(3) of the 1996 Constitution of the Republic of South Africa Act, 108 of 1996, are responsible for investigating crime (Van Rooyen, 2018:3). The first investigative process to be discussed will be that which is generic to the investigation of a criminal offence.

3.2.1 The generic investigative process for a criminal investigation

The reporting of the crime or occurrence initiates the criminal investigation process, and then the preliminary investigation phase is started, during which the investigator gathers data and evidence. Van der Watt (2015:61) indicates that the preliminary investigation phase, also referred to as the data-gathering process, is a fundamental source of information, and is regarded as the foundation of each case (Unisa, 2014:32).

The preliminary phase flows into the further investigation phase. This phase may include the gathering of additional evidence and compiling and analysing the evidence to enable profiling (if necessary), or even the gathering of intelligence (where necessary), as well as deciding whether an arrest will be made. Once this phase has been completed, and if there is sufficient evidence, the case may proceed to the judicial phase (where the suspect is formally charged and will appear before court for the bail application (in the criminal court) and the commencement of the trial or hearing. The rounding-off phase concludes this process (Benson et al, 2015:21; Van der Watt, 2015:160–161).

The prosecution's efforts to establish the accused's guilt beyond reasonable doubt are compiled into the criminal trial; however, in civil cases and other tribunals the test is normally based on the balance of probabilities (Van der Watt, 2015:160–161). Throughout the trial, the investigator will be required to give an account of every step of the investigative process, including all actions taken, decisions made, and techniques employed to obtain evidence (Van der Watt, 2015:162).

Gehl and Plecas (2016:47) have approached the criminal investigative process from a different standpoint. While describing the process, initially similar to Benson et al (2015:21), Hess et al (2017:15) and Van der Watt (2015:160–161), these authors make a distinction between specific steps, and the activities contained therein, with which the investigator is involved. These authors (Gehl & Plecas 2016:4) make a distinction between investigative tasks and investigative thinking.

Investigative thinking is the process of analysing the material gathered, forming hypotheses about what transpired and how an incident occurred, and establishing grounds for belief. This is done continuously as part of the development of investigative plans. These plausible theories will help identify suspects, result in their arrest, and support criminal accusations. Investigative thinking is the act of examining data and information, taking into account alternative hypotheses, and deciding whether or not they are plausible, in order to identify how an event occurred (Gehl & Plecas, 2016:47). The researcher is of the view that the process of investigative thinking is fundamental to an effective investigative task process.

The investigative tasks relate to the information-gathering process. Physical evidence identification, information gathering, evidence gathering, evidence protection, witness interviews, suspect interviewing and interrogation, are all included in this process. These are crucial tasks that require a high level of expertise to master and perform, to provide the investigative thought process with as much precise information as possible. To help the investigative thinking process, criminal investigations seek to gather, verify and preserve information; mastering these duties of gathering evidence is therefore crucial (Gehl & Plecas, 2016:47).

The researcher is of the view that by highlighting specific elements within a 'thinking phase', these authors remind the reader that an investigator's duty is both physical and cognitive: the two are mutually inclusive. External to the law enforcement context, the investigative processes also frame how investigations are approached and navigated.

3.2.2 Investigative processes within an insurance context

Investigations within the context of an organisation or industry also follow specific processes. As mentioned in Chapter 2 *supra*, the amount of literature that applies specifically to investigations within an insurance context (both globally and locally), is limited. The literature has therefore been supplemented by literature that does not apply specifically to investigations contextualised within the insurance industry, but rather to corporate-type, in-house investigations (Ferraro 2015; Ferreira, 2018; Hanekom, 2021). Once again, the researcher is of the view that it does not only illustrates the timeliness of this research, but also highlights the need for similar research specifically within the STI context. The following discussion focuses on the processes followed when investigations are conducted by investigators from within the insurance industry, as relating to the investigation of red-flagged insurance claim incidents.

In an insurance context, Yahnke (2019) refers to the investigative process as the claim investigation process. This procedure is similar to other investigations, in that it entails processes including gathering and evaluating documents, taking statements, finding and speaking with witnesses, assessing and taking pictures of property damage or the accident scene, performing surveillance, and examining social media profiles (Yahnke, 2019). Similarly, within the insurance context in Australia, the following steps within the insurance investigation process are relevant (Financial Rights Legal Centre, 2016:15–17):

- (a) **The initial claim:** The insured will file a claim under their insurance. The insurer will decide after ten days whether to accept, reject or flag the claim for additional investigation or evaluation (Financial Rights Legal Centre, 2016:15–17).

- (b) **Fraud detection:** The most popular method of fraud detection is referred to as a 'red flag' system, where suspicious indicators are found either manually by a claims officer, or automatically through an automated procedure (Financial Rights Legal Centre, 2016:15–17).
- (c) **Initiating an investigation:** A loss adjuster or investigator will be appointed to investigate the 'red flagged' claim. The insurer will not be told explicitly that they are being investigated for fraud, but simply that their claim is being investigated. The insured will receive a notification within five working days, informing them that their claim is being investigated, as well as the details of the appointed loss adjuster. During this phase, the loss adjuster initiates the gathering of information and evidence to validate the claim. The loss adjuster also initiates an interview with the insured, normally at the insured's house (Financial Rights Legal Centre, 2016:15–17).
- (d) **The interview:** Prior to the initial interview, the loss adjuster will ask the insured to sign a consent form to conduct the interview, and permission to record the interview. The interview will start with open-ended questions, followed by more direct questions to clarify discrepancies. The interview will end with a request to sign a document and give authority to the insurance company to obtain access to records of the claimant, including criminal records, bank and phone records, and any other documentation relevant to the investigation (Financial Rights Legal Centre, 2016:15–17).
- (e) **Further evidence gathering:** During this phase, the loss adjuster will conduct fact-findings to confirm the insured's version of the event, and verify claim details. The loss adjuster will interview witnesses and third parties, and will gather and examine a whole range of evidence, including insurance and criminal records, social media communications and independent forensic reports (Financial Rights Legal Centre, 2016:15–17).
- (f) **Timelines:** The loss adjuster, or external investigator, needs to provide a report within twelve weeks to the insurer. Such an investigation can take up to four months, however, and if an allegation of fraud or any other exceptional circumstances are involved, the insurer has up to twelve months to decide. During this period the insurer needs to keep the insured

informed of the progress over twenty business days. After such report has been received, the insurer will either accept or reject the claim. If the claim is denied, the insurer will provide the insured with a letter explaining their rights, as well as reasons why the claim is being denied, and also provide information about the complaint-handling process (Financial Rights Legal Centre, 2016:15–17).

The foundation on which all successful investigative interviews are built, is the quality of the investigation, which is driven by the process of investigation (Ferraro, 2015:27–33). This author identifies seven phases in the investigative process when investigating in the workplace:

- **Assessment:** A pre-investigation to determine if the matter is worth investigating.
- **Preparation and planning:** Objectives, timeline, and cost.
- **Information gathering and fact finding:** This includes either one or more of the six methods of investigation: physical surveillance, electronic surveillance, research and internal audit, forensic analysis, undercover and interviews.
- **Verification and analysis:** The systematic interviews of those identified during the information and fact-finding phase include those who might have committed the offence or were directly involved in the offence.
- **Decision making:** The important factual material pertaining to the subject of the investigation is included in a report that has been formally delivered.
- **Disbursement of disciplinary and/or corrective action:** This comprises decisions regarding disciplinary and corrective action.
- **Prevention and education:** This includes identifying weak control measures within the insurance company and provide systematic recommendations to improve and close gaps where there are loopholes.

Ferraro (2015:29) places emphasis on the **information gathering and fact-finding phase** and marks this phase as the most important phase during the investigative process. The successful gathering of information serves as the foundation of each case, and if the investigator fails here to gather sufficient information, the investigation may be doomed to fail.

The researcher asked Mr Jones to explain, according to his experience and knowledge, what the investigative process is in the insurance industry. Mr Jones provided the following:

In a standard insurance investigation, the client will submit a claim to the claims consultant who will also receive the claim documentation. The claims consultant will then go through the claim and assess it. The claims consultant and a computerised crime threat analysis model (identifying of red flag/indicators) running in the background analyse the claim by using certain criteria (red flags) to determine which claims should or should not be investigated. An automated as well as a manual process are therefore used to determine which claims should be investigated further. Once the claim has been identified to be investigated, it will be sent to the investigation department, which will investigate it; however, it is suggested that the word 'investigation' should be replaced with 'verified', as the claim incident is being verified by an investigator. The reason for this is that one never confronts the client: one verifies information. Investigation can be categorised into three sections in the investigation department: (i) Desktop investigation – only desktop; (ii) Full merits investigation – requires desktop and on-the-road investigation; and (iii) Full investigation – relates to a very complex investigation – for example, where it is a big syndicate (Jones, 2020).

From the above discussion, which deals with investigation specifically within an insurance context, it is evident that the investigative processes are not only similar, but also that they consist of a variety of sequential steps. In addition, the literature also demonstrates that the investigative processes essentially follow the same steps, whether they are being done to address a crime (police), or for the insurance or corporate sector. The only difference is that in the crime investigative process the suspect is formally charged, and court proceedings are initiated with the objective to prosecute the suspect for the offence; however, in an insurance context, the objective is to decide to either settle or reject the insurance claim submitted by the client.

To facilitate an understanding of the insurance investigative process for claims, as forthcoming from literature, the researcher designed a flow diagram. The heading in brackets refers to the relevant step in the criminal investigative

process, and it is followed by the relevant step in the insurance claim process. The reader is reminded that the focus of this study is on point number 3 – the preliminary investigative phase.

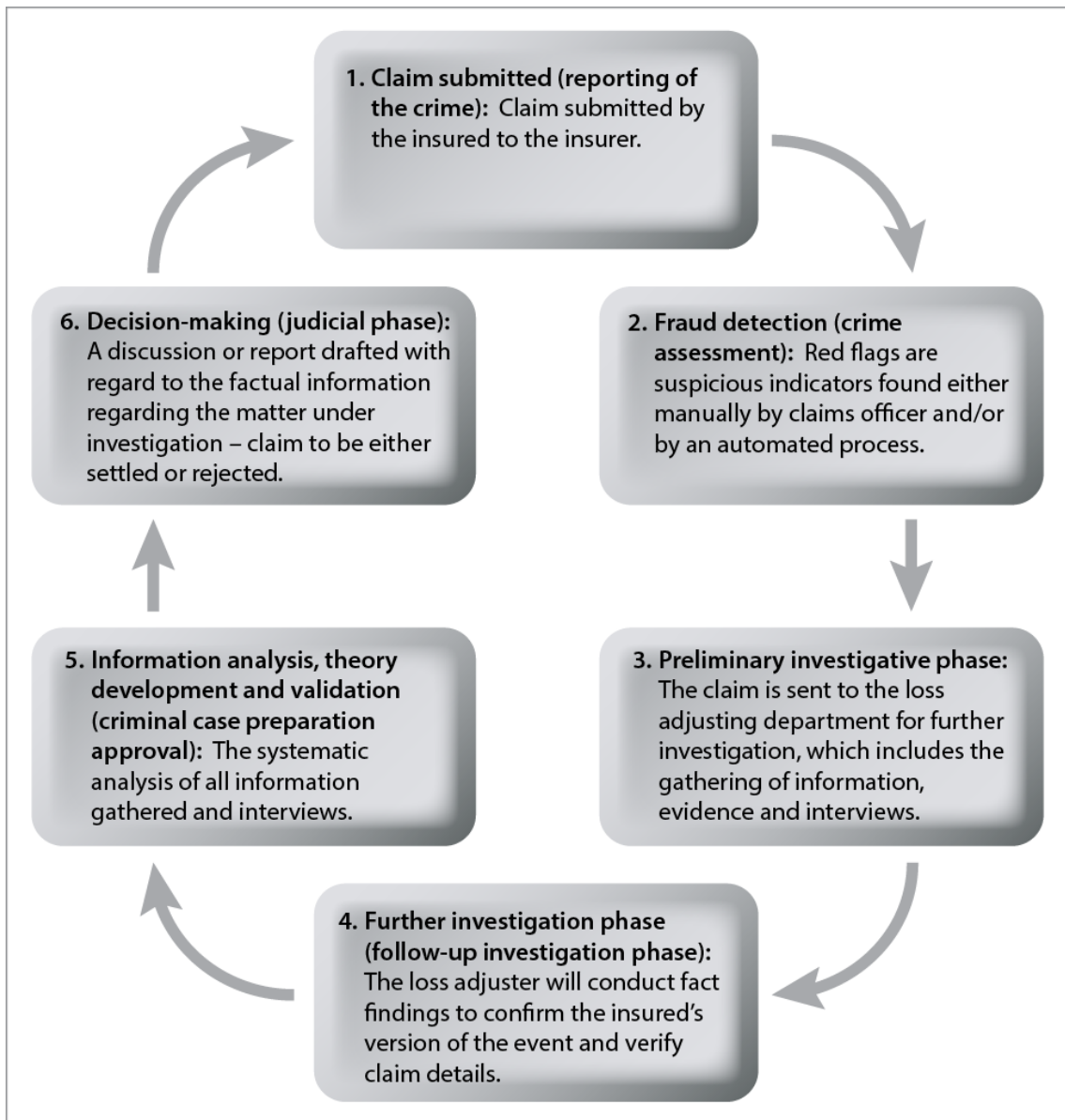


Figure 3.1: The investigative process within the STI (© Researchers own design)

Whether a criminal investigative process or an insurance investigative process is followed, both processes are similar to each other. The general insurance investigative process discussed by Mr Jones, above, is like the insurance investigative process within the insurance context in Australia, which shows that South African insurance companies, using the same insurance investigative process, are on par with international standards. Reflecting on Chapter 2, the researcher discussed the claims process in TIH, which corresponds with what

Mr Jones and the literature reflects, meaning that TIH is also on par with international standards. Both aspects may be viewed as best practice.

The participants of Sample A were asked if their company (TIH) provided them with any guidelines to follow, prior to conducting interviews. All participants referred to the Business Quality Assurance (BQA) document, which was shared with the researcher. The objective of the BQA is to conduct a validation of the investigative process on each claim completed by a loss adjuster, to reduce TIH operational and financial risk, as well as to uphold the image and reputation of TIH brands. The researcher perused the document and can confirm that it reflects as a guideline for investigation to loss adjusters.

The participants of Sample A were asked, in relation to the above question, “If the answer is ‘no’, what do you do prior to conducting interviews?” As all the participants confirmed that the company does provide them with guidelines, this question produced no empirical data, confirming that the company provides the loss adjusters with guidelines.

In the next section, the researcher will focus on the preliminary investigation phase of the investigative process within the STI context. This is the phase where the investigation is initiated and handed over to the loss adjusting department. Both Van der Watt (2015) and Ferraro (2015) placed emphasis on the preliminary investigative phase – also referred to as the information gathering and fact-finding phase in the investigative process, as it serves as the foundation of a case. The more thorough this process is done, the better the investigator is equipped to deal with interviews during the investigation process.

As mentioned in Chapter 2, the amount of literature that applies specifically to preliminary investigations in an insurance context (both globally and locally), is limited. The literature has therefore been supplemented with literature that did not apply specifically to preliminary investigation within the insurance investigative process, but rather to a criminal and corporate type of preliminary investigation (Fahsing, 2016; Ferraro 2015; Gehl & Plecas, 2016).

3.3 PRELIMINARY INVESTIGATION PHASE

The preliminary investigation phase, also referred to as the evidence-gathering task or fact-finding phase (Ferraro, 2015:29; Gehl & Plecas, 2016:47; Unisa, 2014:32), is regarded as a fundamental source of information, and must be accurate, or it may jeopardise the entire investigation (Van der Watt, 2015:161). Sennewald and Tsukayama (2015:4) emphasise that the gathering of information is the activity that comprises most of the tasks in an investigative process. Communication and observation are used as the foundation for evidence gathering. The communication will be developed by answering the six basic questions (written or spoken words), the ‘what, who, where, when, why and how’, whereas the observation will be the collection of physical evidence after the scene is observed and the evidence has been identified (Sennewald & Tsukayama, 2015: 4).

3.3.1 The objectives of preliminary investigation

Identifying the crime type, finding out who committed the crime, and catching the criminal, are the main goals of a preliminary investigation. The evidence gathered during the preliminary investigation firmly supports the commission of the crime, identification of the perpetrator, and the arrest and subsequent conviction of the suspect (Grau & Jacobson, 1981:3–19; Palmiotto, 2013:14; Preliminary Investigation Manual, [sa]:3).

According to Palmiotto (2013:14), who concurs with Grau and Jacobson (1981), the purpose of a preliminary investigation is to identify the perpetrator, ascertain what happened, track down witnesses, if any, and collect physical evidence. The preliminary investigation must be done in its entirety, reported on and followed up on, only if success is conceivable (Palmiotto, 2013:15).

The primary objective of a preliminary investigation is also to –

“... free a respondent from the inconvenience, expense, ignominy, and stress of defending himself/herself in the course of a formal trial. Additionally, such a summary proceeding shields the state from the cost and effort of having trials based on fictitious, frivolous, or unfounded accusations, as well as from the burden of needless expenditure on

pursuing suspected violations. Such investigation is not part of the trial. It is not necessary for the parties to produce all of their evidence, merely enough to give rise to a solid suspicion that an offense has been committed and that the accused is likely guilty” (Laserna Jr, 2016).

The participants of Sample A were asked to provide their understanding of ‘preliminary investigation’. The words ‘preliminary investigation’ were only partially comprehended by all participants. According to the literature, it is used to gather proof that an infraction actually occurred, identify the culprit, make an arrest, and then convict the offender. The participants were in agreement that it is essential to gather evidence in the initial investigative phase that will identify red flags (crime).

An analysis of the empirical data showed that the primary focus of their understanding revolved around the gathering of evidence with regard to the underwriting and claim incident description provided by the client. They mentioned that they would start by understanding the client’s policy – thus, what cover such client enjoys (process of underwriting of policy cover), and they will then compare this with the claim incident description provided by the client. From this comparison they will then decide whether a red light (possible crime) exists or not.

Most of the participants referred to a red flag as a red light, which is understandable, as the Business Quality assurance (BQA) document also refers to a red light in such a context. Something in the claimant’s report is considered a red light if there is uncertainty or an apparent irregularity in terms of the regular driver/or an allegation of the driver being under the influence, or other similar aspects such as a risk address issue, a roadworthy issue, the possibility of a staged accident issue, or a driver’s license issue. They also referred to the possibility of the home content being underinsured as a red light.

In Chapter 2, Hendriksen (2016:2–3) explains that the red flag just acts as a prompt for further investigation of a particular incident, indicating a situation in which fraud may be taking place, and necessitating further investigation. Whitaker (2019:8–11) mentions various red flags that might be an indication of insurance fraud – which was also mentioned, above, by the participants. The

researcher would just like to remind the reader that the insured submits a claim incident description to the insurer, as pointed out in Chapter 2, paragraph 2.3.3.

The researcher asked Mr. Jones to explain, according to his experience and knowledge, the importance of preliminary investigation and what it entails. Mr Jones emphasised the importance of preliminary investigation. He indicated that the policy book contains the terms and conditions of the policy, the claim incident, identifying red flags and conducting initial interviews, which are part of the preliminary investigation phase.

The participants' primary focus of their understanding of preliminary investigation revolved around the gathering of evidence by going through the terms and conditions of the policy (underwriting), comparing it to what the client said when they submitted the claim to their insurer (claim incident), and identifying red lights which will point them in the direction of their investigation.

From my understanding I would say preliminary investigation is to check your cover, check the policy, before you start with your investigation you do your underwriting to see if the client has the cover into place. To see what is your red lights, what are you actually look into to investigate the claim. (P5:2021)

Investigation that is not extensive, an investigation that will point you in the direction whether you will need to investigate a specific issue or if there is no issues. So preliminary investigation is to determine the extent of the investigation which you will be pursuing basically. (P6:2021)

None of the participants mentioned that, in their understanding of the preliminary investigation phase, the arrest and subsequent conviction of the offender is included, as per the literature.

From the above, it is clear, that the objectives of the preliminary investigation phase in the criminal investigative process are not identical to the objectives of the preliminary investigative phase in the insurance investigative process, because in the latter it does not include the apprehension of the offender. The

evidence collected will solidly support the red light (also referred to as the red flag) identified by the loss adjusters, and the alleged offender will be identified – which in most cases will be the client who submitted the insurance claim against their insurer. The claim will be rejected, but the offender will not be apprehended as per the criminal investigative process.

According to the literature, most of the information is gathered during the preliminary investigation phase, which is also considered to be the most important stage in the investigative process. The researcher will explain the taskings contained within the preliminary investigation phase, and what it comprises, in the paragraph that follows.

3.3.2 The framework of the preliminary investigation phase

A preliminary investigation is the cornerstone of a criminal case, and involves the following: gathering specific information about the crime, including activities such as looking for evidence, questioning suspects, the victim, and witnesses; recording all statements; identifying, looking at, gathering and processing physical evidence; and, taking pictures and measurements, and sketching the scene. The quality of this initial investigative step decides whether the crime will be solved, because it is during this stage of the investigation process that solvability factors are discovered (Palmiotto, 2013:14). The most crucial stage of the criminal investigation process (and perhaps any investigative process), according to Palmiotto (2013:15), is the preliminary investigation.

Van der Watt (2015:160) indicates that the preliminary investigation phase consists of processing the incident scene, opening a case file, interviewing the complainant, victims, witnesses and suspects, and gathering information and evidence. In addition to helping the investigator respond to crucial questions such as ‘who, what, when, where, why and how’ (Fahsing, 2016:20), the methodical and lawful evidence collection at the scene of the occurrence is viewed as the cornerstone of each case (Van der Watt, 2015:161).

Van der Watt (2015:162) distinguishes between the primary scene of the incident – where the majority of actions took place and where the greatest concentration of physical evidence is found, and the secondary scene of the incident,

where preliminary or subsequent actions took place and physical evidence is also present. The preliminary investigation phase begins when a crime or incident is reported, and lasts until the scene has been processed and cleared.

The researcher is also of the view, based on experience, that the process of obtaining evidence typically begins at the preliminary investigation phase, with the crime or incident scene serving as the primary source of information.

The preliminary investigation's framework is based on the following main tasks: confirming that an offence actually occurred, identifying the victim, the scene of the crime, and the time it happened, identifying factors that make the crime more likely to be solved, communicating the details of the crime, and identifying investigative tasks that have already been completed, as well as those that still need to be done (Grau & Jacobson, 1981:3–20; Palmiotto, 2013:14–15).

The participants from Sample A were asked to explain, in detail, the process followed when receiving a claim for investigation. The question was posed in this manner since their response to such a red-flagged incident in practical terms activates the preliminary investigative phase.

All but one participant indicated that they would firstly verify the policy content (underwriting), followed by comparing this to the claim incident submitted by the client, identifying the red flags, and conducting a desktop investigation. If further investigation was required, such investigation would be conducted on-the-road. This is also when the preliminary investigation phase will end, and the further investigation phase commences. This is followed by a summary of the findings, discussion of the findings, and then either settling or rejecting the claim. These steps, and the consolidated feedback received from the participants are expanded on below.

Underwriting

Look at all the information on the policy (*such as the commencement date of policy, what losses are covered under the policy, who is noted as the regular driver on the vehicle, are the premiums up to date, was inspection completed prior to the incident, who is noted as a disallowed driver on the policy, and is the vehicle covered for private or business use, what is covered under this policy*)

provided by the insured at the point of sale, to determine if the loss that occurred is covered under the policy. Listening to the sales-, reinstatement- and cancellation calls is also included, to obtain more information.

You check the underwriting of the policy to see, for example, who are the people covered on this policy and how old is this policy, who is the customer, or this person covered on this policy? Is it comprehensive cover, is the person covered for business use? Who is insured as a regular driver? Was the inspection done for this vehicle. (P9:2021)

Claim incident description

Notes will then be taken of the incident description submitted by the insured telephonically. To ensure that no information is lost, the recording of the claim call will be assessed.

I will first read the incident, incident date, commencement date, policy reported date, incident description and I will read what happened... I request any relevant conversations not just the sales conversation. Then if there is anything I noted when I do the policy check, like the customer increased cover, if they ask for a discount, and decrease cover, I also request those conversations. (P4:2021)

Red lights

Identification of red lights to be investigated during the investigation of the claim include noting the accident scene address vs the address on the policy, so those will all be identifiers on what one is actually looking for, what the customer has cover for, and the circumstances surrounding the incident itself. Because of the terminology of the BQA, the majority of the participants referred to red lights, whereas the literature refers to red flags.

Identifiers we refer to them as red lights, so red lights will be such as use of the vehicle, where the vehicle is parked that will be your risk address vs the

incident address where the accident took place. (P3:2021)

Investigation desktop

Most of the information will be gathered in this space on the red flag, which will include telephonic interviews with all parties involved. Once desktop investigation has been concluded, the further investigation phase is initiated.

I also do the 'what, when' form on each and every claim item, to get an understanding of when the item was bought, how the item was bought, where a similar item was stolen or lost. We ask for proof of ownership of the item as well. We also ask the customer about reporting the incident to the police, when it was done, and how it was done. We also request the police documents from the customer as we find it is easier for the client to obtain such document than we are requesting it from the SAPS. All the above is part of my prelim investigation and the reason why I am doing it this way as customers are more comfortable to lie over the phone than face to face. (P8:2021)

Investigation on-the-road

Information that could not be verified via desktop, needs to be verified on-the-road. More information is gathered, and a fact finding is conducted to confirm the insured's version of the incident. Interviews will be conducted face to face. This activity forms part of the further investigation phase.

Depending on the red light, I may need to visit certain areas, so if I need to visit the scene, I may interview witnesses that I might find at the scene to clear up those red light of the drunk and driving, to confirm who was the driver, was it male or female, age, what type of clothing they were wearing, if they were coming from work ... (P5:2021)

Summarise findings

Once all the information is completed, a detailed summary will be made on the TIH system, with recommendations. Where home content goods are claimed, costing will be done additionally. The claim will be sent to the manager to be scrutinised for the final decision process.

I will then summarise and make my recommendation. I will send the claim to my manager who will also make her recommendation. If in agreement, the claim will be sent back to claims department for finalisation. If not in agreement, the claim will be sent back to me as she feels more information needs to be gathered. (P10:2021)

Discussion

Where it is decided that a claim has enough merit to be rejected, it might follow an additional process where such claim will be discussed on either of two forums, depending on the rejection reason: (a) **Claim Forum:** Claims being rejected on either fraud or dishonesty, or inflated claims, will be discussed on this forum; and (b) **Grey Matter Forum:** Claims will be discussed with regard to issues found not noted in the policy book or found to be borderline with the policy book.

Rejection has many parts and it depends what your rejection reason is on where you will go. You can go to the (1) Grey matter forum where we discussed claims issues that is not directly in the policy book for example, the customer do have an alarm, but due to a storm the alarm kept going off so the customers switched it off. So contractually the alarm should be switch on, but taking the circumstances, what do the forum think? (2) Claims forum: where we discussed only the dishonesty, fraud and inflation claims. (P4:2021)

Settled or rejected

Settled claim: Such a claim will be sent back to the claims department to be processed. Rejection claim: Once a decision has been made, the client must be

informed of the rejection within 24 hours, and must receive a letter of rejection. During the rejection call, the client needs to be informed clearly as to why the insurer will not be considering the claim.

Immediately when I receive the claim back, I request the rejection letter, before phoning the client. We have 24 hours to phone the client and convey the rejection, educate the client about your findings and why you've rejected the claim. (P1:2021)

In conclusion, the preliminary investigative phase in both the criminal and insurance investigative process is a task of collecting evidence to solidly support the crime/red light/ red flag; however, it is noticeable that the preliminary investigative phase within the insurance investigative context consists of different steps (underwriting, the claim incident description, identifying red lights and desktop investigation). All the participants within TIH STI concur that gathering of evidence during the preliminary investigative phase is crucial in support of the red light (crime) that was identified.

Based on the empirical data from the participants, it was possible for the researcher to design a flow diagram which illustrates the steps of the insurance investigative process for claims consisting of the preliminary and further investigative phases, as it is operationalised within the TIH context.

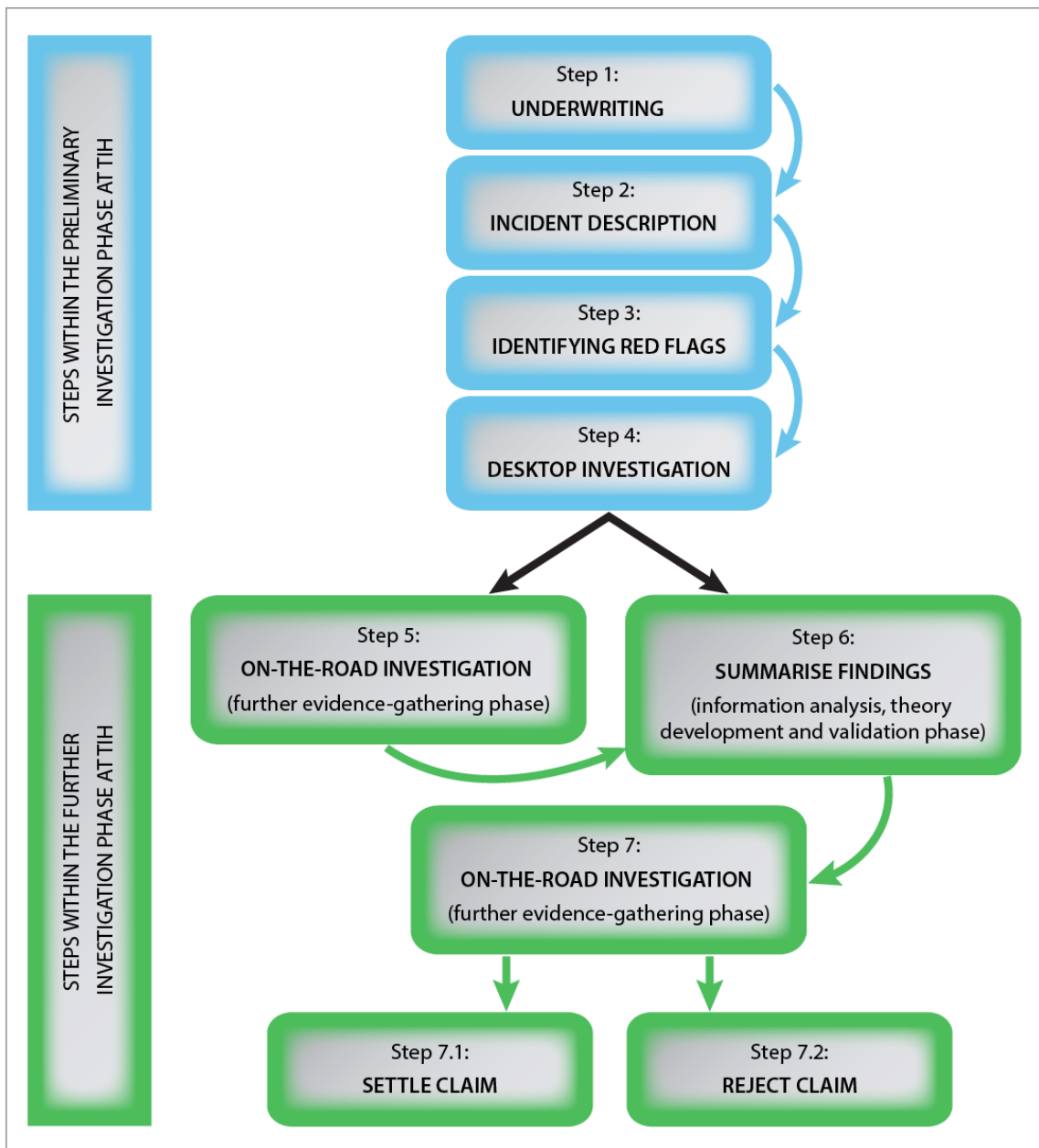


Figure 3.2: The steps contained in the preliminary and further investigative phases of an insurance investigation process within the TIH STI (© Researchers own design)

Desktop investigation is the genesis of the preliminary investigative phase in the insurance investigative process. The most valuable information is obtained through desktop investigation in a short period of time, which includes various tasks in gathering information such as social media searches, endless phone inquiries and data searches (Corporate Investigative Services, 2022). The researcher must acknowledge the paucity of literature that specifically covers desktop investigation in the insurance industry.

3.4 DESKTOP INVESTIGATION

Desktop investigation is a customer-focused structured telephone questioning technique that seeks to identify potentially 'high risk' claims, such as fraud and indemnity risks posed by a claim, while confirming legitimate claims (Cotswold Group, 2022). Similarly, desktop investigation is defined as a quick, catch-all business investigation, done in a short period of time, in which the most valuable information is to be found (Corporate Investigative Services, 2022). Desktop investigation can eliminate the need to travel unnecessarily and save costs and time on-the-road where investigation is spread over a wide geographical area, or when working in remote locations. Desktop investigation can thus be more effective and efficient to the employer (Corporate Investigative Services, 2022).

Desktop investigation is the process of quickly gathering information about a case. It may involve social media searches, endless phone calls as needed, simple database searches, information verification, fact checking of provided information, extensive database searches, and special inquiries as needed (Corporate Investigative Services, 2022).

The participants from Sample A were asked to indicate (using a table provided) whether their work involved either desktop or on-the-road investigations, or both. They were required to provide a percentage for each of the selected activities.

The researcher summarised all the participants' answers in a table format, to illustrate that the empirical data gathered reflected that all the participants conduct both desktop and on-the-road investigations. It is evident, however, that most participants spend more time on desktop investigation than on-the-road investigation.

Table 3.1: Desktop vs on-the-road investigations within TIH

Participant	Desktop investigation	On-the-road investigation	Both (desktop and on-the-road)
1	75%	15%	75% 15%
2	10%	90%	10% 90%
3	40%	60%	40% 60%
4	80%	20%	80% 20%
5	70%	30%	70% 30%
6	70%	30%	70% 30%
7	70%	30%	70% 30%
8	70%	30%	70% 30%
9	20%	80%	20% 80%
10	60%	40%	60% 40%
Averages	56.5%	42.5%	56.5% 42.5%

The data reveals that 56.5% of the investigations involve, firstly, desktop investigations, while 42.5% of the investigations involve on-the-road investigations. While this is very near to a 50-50 split, it does highlight the importance given by the participants to desktop investigations, prior to an on-the-road investigation. Looking at the data also shows that the majority of the participants give the greater portion of their time to desk top investigation: between 60% to 80%.

The participants from Sample A were requested to define what ‘desktop investigation’ entails, and to list the activities. Their responses were as follows:

The data showed that the majority provided activities listed under ‘desktop investigation’, such as underwriting, looking at the claim description, identifying red flags, and gathering of information by conducting interviews via telephone with all relevant parties. A minority defined ‘desktop investigation’ as part of the preliminary investigation phase, and that it is a crucial part of the investigative process, by purely using a laptop, the Internet and a telephone. In addition, a minority also mentioned that they will include checks such as social media and credit checks, and listen to calls, whereas one participant did not understand the question.

Everything is done telephonically. (P1:2021)

When we speak of desktop investigation, it purely means it is everything that we can do via using our laptop and using our telephone. I will basically do all the telephonic interviews that I can, I use the internet to get info from internal sources, basically just using your laptop, your internet and your telephone to do all your investigation. (P6:2021)

Mr Jones was asked whether, according to his experience and knowledge, desktop investigation is regarded as an important step in preliminary investigation. He emphasised the importance of desktop investigation in the preliminary investigative phase. He explained that a background check of the client and the location where the incident occurred, is very important. Mr Jones also indicated that desktop investigation includes verifying information via phone or email, documentation and/or events. The desktop investigation is a non-invasive investigation and should be dealt with quickly and effectively. He further explained that claims with a low monetary value are more likely to be referred for desktop investigation compared to those with a higher monetary value. These are usually taken to an on-the-road investigation. He also indicated that one must always determine cost saving and time when investigating an insurance claim, as it will determine whether the claim will be investigated via desktop or on-the-road.

Desktop investigation is a very crucial, important step within preliminary investigation phase and includes [telephonic] interviews and social media. It is the cheapest way of investigation. (Jones 2021)

In summary, in the insurance industry, desktop investigation is customer focused, as it is less invasive, quick, and is not expensive. It is an investigation method to gather information by using telephone interview techniques and various Internet sources, with the intent to validate such claim.

The empirical data gathered from the participants reflects that the majority spend more time on desktop investigation. Although the question was never asked

with regard to the importance of desktop investigation, the researcher believes that data illustrates the priority afforded to the preparation activities (56.2% desktop investigation) prior to commencing with on-the-road investigations when further interviews will be done.

According to the literature, telephonic interviews, background checks and social media form a large part of desktop investigation. Interviews, background checks and social media will be briefly discussed in the next few paragraphs.

3.4.1 The art of interviewing

Almost four decades ago, Buckwalter (1983:1–2) called information the “... bloodstream of investigation”, and an effective interview is the heart that pumps this bloodstream through the entire body of investigation. Modernity and advances in technology have not diminished the importance and value of information. In addition, the capacity to speak effectively, talk to people, and obtain information that can help the case, is the most important skill for any detective working anywhere (Eterno & Roberson, 2015:256).

Buckwalter (1983:2) defined interviews as “... a controlled conversation with an investigative objective”, which involves both procedures (controlled conversations) and objectives (obtaining factual, and evidential information relevant to the investigation). Asking the correct questions is key to a successful interview (Eterno & Roberson, 2015:256).

Ferraro (2015:25) indicates that interviews in the private sector fall into two categories: administrative and investigative. Administrative interviews include witnesses, bystanders, process owners and stakeholders, but excluding the person believed to have committed the offence. When conducting administrative interviews, the interviewer should be gathering information to obtain insight and facts, including those who are tangentially but not directly related to the subject at hand. Administrative interviews aim to gather factual data from people who are tangentially related to the situation.

Investigative interviews are reserved for those individuals who are believed to have committed the offence or had direct involvement in it. During the investigative interview, the objective is to seek an admission.

Jones (2017:34) refers to two types of interviews: an information gathering or inquisition interview and a confrontational or accusatory interview. The information gathering interview refers to those interviews aimed at information gathering, which is the main objective and forms the backbone of every investigation. The investigator must eliminate lies, half-truths, gossip, hearsay and opinions from the gathering of information, and retain the facts which can be presented as evidence in a report or at a hearing. The confrontational interview or accusatory interview is conducted when the investigator has gathered all possible information, identified a suspect, and is ready to confront the suspect about the crime that was committed (Jones, 2017:35).

From this discussion it is clear that interviewing forms a crucial part of information gathering within the preliminary investigation phase, and that preparation for interviews is essential.

3.4.2 Preparation to conduct the interview

Buckwalter (1983:12) stipulated that successful interviews are thought out and prepared for beforehand. The interviewer's preparation comes first in the fact-finding interview. They should be aware of the information they are seeking, as opposed to unprepared interviews which lack intelligent direction. According to Buckwalter (1983:13), pre-planning comes before the actual information collection, unless the situation calls for a spontaneous interview or an urgent preliminary investigation – in which case the information can be obtained through a phone call or by simply reviewing a recording.

The researcher is of the view that preparation is the first step when conducting an information gathering interview. It involves the gathering of all information that is available on the case under investigation and the people who will be interviewed. This includes significant legal precedent, case-specific details, official documentation and background knowledge. When conducting an interview, the investigator must be aware of the subject's identity and some basic facts.

Always begin with a broad query. During an interview, the following questions should be addressed: who, what, where, when, why and how (Jones, 2017:37–38).

3.4.2.1 *Determine who should be interviewed*

Sometimes it's more difficult to choose who to interview than it would initially appear (Ferraro, 2015:131). Interviewing everyone is a time- and money-consuming “fishing” expedition, not a plan. As a general guideline, one should start with those who are anticipated to be the most cooperative (Ferraro, 2015:132). The interviewer will be more knowledgeable and prepared when engaging with candidates that are reticent or resistant.

Obtaining the preliminary statement from an insured or third-party claimant is the first stage in any investigation into a suspicious claim, according to Whitaker (2019:57). This statement aims to provide a succinct overview of the events leading up to the loss. Asking the insured or claimant for fundamental details of how the loss happened, is appropriate. Where applicable, basic inquiries concerning the insured's financial situation should be combined with background inquiries. The statement should be taken as soon as possible after the insured reports the loss, to prevent memory lapses. The most successful tool in a fraud investigator's toolbox, according to Whitaker (2019:57), is taking an effective recorded statement. For the fraud investigator, the recorded statement is frequently their first, and in some cases their only, chance to speak in depth with the claimant or insured. In addition to providing the factual background of a claim, the material acquired during the interview may also reveal clues that could help the fraud investigator clear an insured suspect of fraud or confirm concerns about a dubious loss.

The participants from Sample A were asked to explain how they determine who to interview first, when there are multiple people to be interviewed.

Four participants reverted to answers such as with whom they would get a connection first: the passenger, as they would not think much of the question asked, and the person who was driving or using the vehicle at the time of the incident. Two participants replied that it depended on the red flags being inves-

tigated, thus depending on the type of investigation, and four participants replied without hesitation that they would always first interview the client, to obtain a detailed description of the incident and more information.

It all depends on the red flag who I interview first – each case on its own.
(P7:2021)

Always interview the accident driver first. (P10:2021)

According to the literature, the first step in looking into a suspicious claim is to obtain the insured's preliminary statement, or one should start with those who are expected to be the most cooperative. Half the participants would interview either the claimant or those more willing to be interviewed, thus aligning their actions with that indicated as good practice in literature. The other half of the participants might not be as successful in their investigations, due to deviation from this principle; however, this is speculation on the part of the researcher.

3.4.2.2 Communication skills

One must first seek to understand before one seeks to be understood (Covey, 2020:255); therefore, to conduct productive interviews, an investigator needs to have good listening skills. An investigator requires the capacity for patience, active listening, and displaying a comprehension of concepts, feelings and attitudes (Jones, 2017:11).

The participants from Sample A were asked to describe the challenges that they experience (if any) prior to conducting interviews with clients and witnesses.

The majority confirmed the following challenges:

- Language barrier and culture
- The contactability of the client, as most clients block call centre numbers
- Witnesses are reluctant to give information, as they do not want to become involved, or they are afraid for their lives
- SAPS incompetence

- KZN region experiences a great deal of protest action, which hinders loss adjusters from entering certain areas

South Africa is a nation that has many different cultures and eleven official languages. English is the most commonly used language, whereas isiZulu and isiXhosa are the most spoken African languages. Every South African is fluent in at least two languages; however, only one in ten people communicate fluently in English (Walubengo, 2019).

It is not surprising that loss adjusters will undoubtedly encounter a linguistic and cultural barrier if only one in ten people can communicate effectively in English. Interviewing forms a crucial part of information gathering within the preliminary investigation phase; thus, it is of the utmost importance that the language barrier be addressed within the loss adjusting environment.

Most information is being obtained by desktop investigation using search engines, different software, apps, and databases. In the next paragraph, the researcher will be discussing software-based tools that can assist with desktop investigation.

3.4.3 Investigative tools

Law enforcement can now track down, and catch criminals more rapidly, thanks to significant technological improvements. Face recognition, GPS tracking, laptops and cell phones are only a few of the modern technologies that help with criminal investigations (Jones, 2019). The use of web data in insurance fraud investigations has increased as well.

Investigating suspicious claims involves gathering a great deal of information, including internal data, information from national or international databases, information from social media, as well as any other details that might be connected to the claim, such as billing information or medical history (Linkurious, 2022).

Although there are many investigative tools available, in the next paragraph the researcher will concentrate primarily on two of them: lifestyle audit and social media. Social media is an information 'gold mine' where fraudsters routinely post material that can be used during an investigation, while a lifestyle audit allows for deeper insight into who the consumer is, and what their living costs

are, which is useful when conducting investigation into short-term insurance claims. These two tools play a fundamental role in the preliminary investigation phase.

3.4.3.1 Lifestyle audits

Fraudsters create new ways daily to cheat insurers out of claim pay-outs (Smith, 2017). This enables them to have lifestyles far exceeding their legitimate income. A net worth analysis is often used to conduct a lifestyle audit to determine whether an individual person is living within or beyond their means of legitimate income. In 2009, Botha (2009) argued for the use of the net worth analysis to determine income. This is a sound investigative approach to use when dealing with perpetrators of fraud (McIntyre-Louw, 2022).

A lifestyle audit, according to Powell (2010), is a compilation of reports from several databases that gives investigators a window into the life of the subject of the investigation. A lifestyle audit is a legal method of preventing and spotting fraud, and involves inspections of credit histories, houses, cars, and company registrar data (McIntyre-Louw, 2022; Powell, 2010).

A credit check reveals much about a person's financial situation, including if they are a financially responsible adult, and whether they pay their accounts and loans on time. The National Credit Act 34 of 2005 (Department of Justice ..., 2005) strictly controls the credit information of individuals; however, section 17(4) (b) of the regulations of the Act specifically provides for the use of credit information for fraud prevention and detection services. To investigate the credit of an individual, a loss adjuster needs to be able to access the credit information of such a person. Credit bureaus supply such services. There are various credit bureaus in South Africa, with TransUnion being the largest in South Africa, followed by Experian and Compuscan.

The participants from Sample A were asked a series of questions relating to lifestyle audits as an investigative tool. These questions will be discussed in the order in which they appear on the interview schedule: questions 13, 14, and 15.

To enable the investigators to conduct their investigations when home based, requires Internet access. To this end they were asked, "To what extent does

your company provide you with Internet when working from home?” All the participants replied that TIH does provide them with data to connect to the Internet when working from home.

The participants were asked whether they have access to any credit providers to conduct a credit profile and, if ‘yes’, how often do they use it? All the participants have access to a credit provider to conduct a credit profile, and all of them indicated that they use the credit provider daily.

I use TransUnion (TU) daily. (P10:2021)

The participants were asked whether the use of credit checks saves them time in an investigation. The majority of the participants indicated that it saves time during an investigation, whereas the minority indicated that it does not save time.

Yes, if I can confirm details with an employer telephonically without going on-the-road, it saves me time and saves the company money. (P2:2021)

I would not say it does save me a lot of time, but assist me, I use it as an indicator. (P7:2021)

From the data, it is evident that the loss adjusters in TIH are knowledgeable about the use of credit check service providers, and that this service is used daily. In terms of its impact on their time, not all the participants are convinced that it does save time. TIH supplies the loss adjusters with the necessary Internet connectivity, enabling them to perform their investigative duties while working remotely (from home offices), as was recently the case during the COVID-19 pandemic.

Finding inconsistencies in the claimant’s story is essential to successfully using social media evidence in insurance fraud investigations. The claimant may assert one thing while reporting a claim, while leaving out other important facts.

These facts are, however, often shared on their personal social media profiles. When posting on social media, some fraudsters make mistakes, but others blatantly boast about their dishonesty (Snook, 2019). In the next paragraph, the researcher will discuss the importance of using social media during preliminary investigation.

3.4.3.2 Social media

Social networking websites such as Facebook, Twitter, LinkedIn and TikTok are well known. They are used to connect with friends, family and brands. They promote knowledge exchange, and emphasise close, one-on-one communication. To date, Facebook is the most widely used social media platform globally, on the African continent, as well as locally (Statcounter GlobalStats, 2021).

The statistics below were retrieved on 25 November 2021 from the Statcounter GlobalStats webpage, illustrating that Facebook is the most widely used social media platform.

Facebook is the most-used social media platform worldwide



Facebook is the most-used social media platform in Africa



Facebook is the most-used social media platform in South Africa



(Statcounter GlobalStats, 2021)

As the ways in which fraud can be perpetrated evolve, so must insurance investigators evolve. Insurance investigators cannot rely solely on conventional methods, such as going from door to door to examine claims, as these methods are labour-intensive and insufficient. Instead, they need sophisticated skill sets and agile methods of investigating claims, while taking into account increasingly strict privacy regulations. Social media information mining is already crucial to

many insurers' efforts to combat fraud, since it not only provides more insight, but also improves investigative efficiency by revealing previously concealed interconnections and connections between businesses (Toomey, 2020:3).

One of the first things an investigator does when looking into a possible fraudulent claim is to go through Facebook and other social media platforms of the insured person's online social media sites (Fan, 2014:55). Information posted by individuals on multiple social media platforms reflects their preferences, lifestyle, and habits, and can be used to build a real-time risk profile (Beattie & Fitzgerald, 2011).

The participants from Sample A were asked, "Do you use any social media (Snapchat, TikTok, Facebook, Twitter, YouTube, WhatsApp, MixIt, any other) as an investigative tool during your preliminary investigation prior to conducting interviews? If 'yes', did it at any stage contribute in a positive manner to your investigation?"

All the participants confirmed that they made use of social media, mostly Facebook, throughout their investigation process and the majority of the participants confirmed that social media contributed towards their success during the investigation process.

Yes, it does contribute a lot. I use Facebook mostly especially Reactive Unit South Africa Facebook page as they state if a person was intoxicated, and the driver ran away from the accident scene. (P2:2021)

Yes, it does contribute, especially when investigating a jewellery claim. When I go onto my customers social media, you can see if the customer might be wearing such jewellery. (P4:2021)

The participants from Sample A were asked, "What other investigative tools do you have at your disposal? Please elaborate." The participants provided the following information relating to other investigative tools used during their investigations:

- ID Truecaller: Free application
- Google Maps: open source – web based
- Google Trace: open source – web based
- Gumtree: open source – web based
- EDR: Crash Scan Accident Detector Device app – used to extract data from vehicle in the last 5 seconds of movement of vehicle prior to incident.
- Dreamtec: app – used by tow truck drivers to record all details of incident
- ²VSD: Vehicle Salvage Database provides vehicle details obtained through ICB – web based
- ²ANPR: Automatic number plate recognition obtained through ICB – web based
- ²VIDS: Vehicle Intelligence Data System – provide vehicle details obtained through ICB – web based
- CMA – Comparative Market Analysis: open source – web based

The use of technology forms a major part of the loss adjusters' desktop investigation in TIH, including lifestyle audits and social media. This is in line with the literature.

Desktop investigation forms part of the preliminary investigation phase in the insurance investigative process. Literature revealed that it is during this phase that one should obtain evidence to determine what exactly happened (crime/red flag). Only if this phase is completed, and if needed, the further investigation phase will follow, to seek more evidence to be obtained in the field (on-the-road investigation). Mindful of the focus of this research it was thought pertinent to include a short discussion that deals with on-the-road investigations.

3.5 ON-THE-ROAD INVESTIGATION

Similar to the paucity of information pertaining to 'desktop investigations', the researcher did not find much literature that addressed on-the-road investigations. The researcher was unable to find a conceptual definition for an on-the-road investigation, and for that purpose provides an operational definition: "An

²These electronic resources are subscription based: TIH pay an annual subscription fee.

on-the-road investigation is the type of investigation conducted where there is a need to verify or confirm information or gather information that cannot be done via desktop investigation”.

The participants were asked a series of questions pertaining to on-the-road investigations.

“What does the ‘on-the-road’ investigation entail? List the activities.” All participants replied that the term ‘on-the-road’ is when one gets into one’s vehicle with the intent to conduct further investigation to validate the claim and listed the activities such as verifying the accident scene, tracing witnesses, visiting of risk address, visiting police stations, viewing the accident vehicle, and verifying invoices for lost or stolen items.

So, on-the-road entails everything that you need to do on-the-road in order to collect the information to make a decision on the claim. So basically, you’re on-the-road work is to everything that you can do to supplement your desktop investigation. (P6:2021)

What we also do when we are on-the-road, visit the risk address to determine if the vehicle is being parked at the risk addresses as per the policy. (P9:2021)

This question was followed up by asking the participant what factors influence their decision to take an investigation ‘on-the-road’.

The majority of the participants indicated that they would be persuaded to travel on-the-road to conduct further investigation when they are unable to confirm the claim’s red flags through desktop investigation. One participant indicated that the key consideration in deciding whether to perform additional research on-the-road is after telephonic interviews are conducted. Another participant indicated that the decision to perform an on-the-road investigation would be influenced after red flags have been detected and that the client’s premium paid was less than what they actually should have paid (prejudice) at the time the policy was taken out.

So, you are investigating a red flag and I need to get my information from an independent source in order to make a much more informed decision. I also look at feasibility (cost-company fuel and time) and if it is worthwhile to travel. (P6:2021)

If I cannot rule out the red flag telephonically then I will need to go 'on-the-road'. (P7:2021)

A follow-up investigation phase is necessary to gather the last pieces of information and proof needed to prove the case, according to the literature, in both criminal and insurance investigative processes. The empirical data collected from the loss adjusters in TIH is in line with the literature: to conduct further investigation by going on-the-road to validate the claim. In paragraph 3.4 *supra*, the data showed that on-the-road investigations occur in approximately 43.5% of investigations; however, before taking an investigation on-the-road, an investigator needs to plan.

3.6 PLANNING AND PREPARATION

According to Morris (2022), planning and preparation goes hand in hand. Planning assumes control of one's environment, while preparation involves training, intuition and instinct.

Ferraro (2015:28) emphasises the need for planning and preparation in investigations, because, as he discovered from previous experience, putting in the time and effort up front pays off in the long run. Successful investigations are more difficult and ineffective without adequate planning and preparation; therefore, "... plan your work and then work your plan" (Ferraro, 2015:28).

The participants from Sample A were asked to what extent they pre-planned their desktop investigation (for example: do you have a specific type of plan or steps that you follow?).

All but one participant confirmed that they do pre-planning when conducting desktop investigations, with the first step being to conduct underwriting, followed

by reading the incident description, identifying red lights, and lastly, conducting interviews.

Yes, I do have a system. The first thing I do is I do my underwriting, so that I know exactly what I am going to investigate. I follow a path, making sure we ruled out each issue. (P5:2021)

No, I do not have a pre-plan. (P10:2021)

The participants from Sample A were asked to what extent they pre-plan their on-the-road investigation trip in relation to (a) single vs multiple destinations and (b) interviews with clients or witnesses.

All the participants confirmed that they do pre-planning when conducting on-the-road investigation in relation to (a) single vs multiple destinations; only one participant reflected that he would conduct pre-planning in areas in the close vicinity; however, when travelling to far areas he would not do pre-planning.

Yes, one has to especially being a female for safety, I do full google location. If it is a faraway trip, I plan it so that it does not affect other claims. (P8:2021)

The majority of the participants indicated that they do pre-planning when conducting on-the-road investigations in relation to (b) interviews with clients or witnesses, whereas three (3) participants indicated that they do not pre-plan their interviews as they will ask questions as they go along.

Yes, I will know what to ask the customer. I know what I need to ask the customers. (P4:2021)

No pre-planning. Ask question as I go along. Do not plan interviews, I never have. (P1:2021)

According to the literature, planning and preparation is an essential skill that needs to be developed by each investigator. Investigators must be aware of their own thinking, and ensure that it is a deliberate process, because the investigative process is also considered as a thinking activity. The empirical data received shows that it is evident that desktop investigation is pre-planned, with a systematic system in place, starting with underwriting, claim description, red flags and, lastly, followed by interviews.

On-the-road pre-planning in relation to destinations also seems to be pre-planned by the loss adjusters; however, the majority of the loss adjusters conduct on-the-road pre-planning in relation to interviewing.

3.7 SUMMARY

Chapter 3 was a journey of the investigative processes, both criminal and within an insurance context, focusing on the preliminary investigation phase, followed by a brief discussion of the further investigation phase, and ending with a brief discussion on the importance of the thinking skill throughout the investigative process.

The researcher drafted a flow diagram illustrating the similarities between the crime investigative process and the insurance investigative process, with the only difference being found in the last step. The crime investigative process ends with the judicial phase where the suspect is formally charged, and court proceedings are initiated with the objective that the suspect will be either convicted of a crime or acquitted. In an insurance context, however, the investigative process ends with a decision made to either settle or reject the insurance claim submitted by the client.

The preliminary investigation phase was the focus of this chapter. In both the crime and insurance investigative processes it is evident that the preliminary investigative phase is regarded as the cornerstone of the investigative process. This is because it gives direction to a case being investigated, with the main objective being to gather evidence which must be accurate, or it can jeopardise the entire investigation. Literature confirms the importance of preliminary investigation, which includes the collection of information and evidence, as well as

interviews. The understanding of the participants' primary focus of preliminary investigation revolves around the gathering of evidence in the preliminary investigation phase through desktop investigation, and is to conduct underwriting, reach an understanding of the claim incident description, and identify red lights. The empirical data collected also reflected that the majority of the participants spend between 60–80% of their time on desktop investigation in the preliminary investigation phase.

According to the literature, gathering information for a desktop investigation entail conducting lifestyle audits, social media searches, making phone calls as needed, simple database searches, confirming the accuracy of information provided, confirming the veracity of known facts, extensive database searches, and special inquiries, as needed. The literature implies that interviewing is a critical component of information collecting during the preliminary investigation phase, and preparation for interviews is key. According to the literature, a preliminary statement from the insured or third-party claimant should be obtained as the first stage in any examination of a questionable claim. Empirical data collected reflects that half the participants will first interview the claimant or third party submitting the claim. These interviews are conducted telephonically.

Lifestyle audits and social media searches are regarded as investigative tools to gather more information. According to the literature, a lifestyle audit is a legal method of preventing and spotting fraud, and involves inspection of credit histories, houses, cars, and company registrar data, whereas social media in insurance fraud investigation is used to identify contradictions in the claimant's story, as some fraudsters make mistakes, and others blatantly boast about their dishonesty. The empirical data gathered reflects that all participants make use of credit checks and social media as part of their desktop investigations.

If no more information can be gathered through desktop investigation in the preliminary investigative phase, the loss adjusters will conduct on-the-road investigations. On-the-road investigation kick starts the further investigation phase where there is a need to verify or confirm information, or gather information, which cannot be done via desktop investigation. The objective being to validate a claim to make a decision to either settle or reject the insurance claim submitted by the client.

According to the literature, a thinking skill is equally important to a task skill, throughout the investigative process. Thinking must show how to develop reasonable grounds for belief and subsequent action through an evidence-based process. All but one participant illustrated the importance of pre-planning when in the preliminary investigative phase; however, less pre-planning is done via the follow-up investigation phase when participants take their investigation on-the-road.

The researcher will report on the findings of the research and make recommendations based on these findings in Chapter 4, the final chapter of the study.

CHAPTER 4

FINDINGS, RECOMMENDATIONS AND CONCLUSION

4.1 INTRODUCTION

Preliminary investigation is a phase within the investigative process and is not only regarded as the most important phase within the investigative process but is seen as the foundation of an investigation regardless of the nature of the crime being investigated.

The purpose of this study was to examine and define the importance of preliminary investigation in TIH's insurance loss adjusting, to find out how preliminary investigation is done by loss adjusters within the loss adjusting department in TIH, and to identify best practices using the empirical data gathered from the interviews.

The aim of this research was to evaluate the degree to which the loss adjusters were engaging in preliminary investigation in insurance loss adjusting at TIH.

The research question was the following: "*What is the value of the preliminary investigation phase, when investigating an insurance claim?*", which allowed the researcher to concentrate on the identified problem and make certain that the findings and recommendations of the study related to the research problem.

A search of the available investigative literary sources revealed that there is scant literature available that addresses preliminary investigations pertaining to insurance claims within the loss adjusting space in the STI industry in South Africa. The researcher therefore conducted an exploratory study to determine the value of preliminary investigation in insurance loss adjusting at Telesure Investment Holdings (Pty) Ltd.

This chapter is an overview of the literature, the interviews, and the experience of the researcher in the field of STI, of chapters 1, 2 and 3, after which relevant findings and recommendations are presented.

4.2 FINDINGS

The following findings are based on the information obtained from the literature study, the interviews, and the experience of the researcher, within STI investigation.

The primary research question was, “What is the value of the preliminary investigation phase, when investigating an insurance claim?”. The researcher is of the view that the findings presented below prove that the preliminary investigation phase is not only of vital importance, but is also used well by the loss adjusters at TIH when investigating an insurance claim. Moreover, the findings below highlight the distinct differences between a standard criminal/corporate investigation and investigations conducted specifically within the STI context. Since the loss adjusters at TIH manage to successfully reject almost a third of the potentially fraudulent claims, their strategy may be viewed as both innovative and best practice.

4.2.1 Crime and cost within the STI industry

According to published research, 20% of STI claims handed out may have been fraudulent, costing the South African STI business almost R7 billion annually (Coleman, 2020; Geldenhuys, 2021).

The participants were asked, “How many ³STI insurance claims do you investigate per month?” and, “How many STI insurance claims do you reject per month successfully, without the ombudsman overturning it?”. The empirical data indicates that a loss adjuster on average receives 18 claims per month to investigate, which amounts to approximately 2160 potentially fraudulent claims being investigated per year. On average, five (5) claims per month are rejected. This implies that 27.7% of the potentially fraudulent claims investigated by each participant monthly, are successfully rejected. This finding highlights that the loss adjusters at TIH have managed to move beyond the 20% threshold set by insurance companies, as per the literature mentioned above, which is a boon to the company.

³ Short-Term Insurance

4.2.2 Investigative process within an insurance context

The literature that pertains specifically to investigations within an insurance context (both globally and locally) is limited, and was supplemented by literature that did not pertain specifically to investigations contextualised within the insurance industry, but rather to corporate-type, in-house investigations (Ferraro, 2015; Ferreira, 2018; Hanekom, 2021). According to published research (Ferraro, 2015:27–29; Financial Rights Legal Centre, 2016:15–17; Yahnke, 2019), the insurance investigation procedure for claims can follow the following steps: (1) Submitted a claim; (2) Fraud detection; (3) Preliminary investigative phase; (4) Further evidence-gathering phase; (5) Information analysis, theory development and validation; and (6) Decision making.

The participants were asked if their company (TIH) provides them with any guidelines to follow, prior to conducting investigative interviewing and if the answer was ‘no’, what do they do prior to conducting investigative interviewing? The empirical data indicates that all the participants referred to the Business Quality Assurance (BQA) document, which was shared with the researcher. The objective of the BQA is to conduct a validation on the investigative process on each claim completed by a loss adjuster, to reduce TIH operational and financial risk, as well as to uphold the image and reputation of TIH brands; however, the researcher perused the document, and can confirm that it reflects as a guideline for investigation to loss adjusters. As all participants confirmed that the company does provide them with guidelines, the second question produced no empirical data.

4.2.3 The objectives of preliminary investigation

Literature (Anon., [s.a.]:3; Grau & Jacobson, 1981:3–5; Palmiotto, 2013:14) explains that the objectives of preliminary investigation are to identify the offender, determine what occurred, locate witnesses, if available, and obtain physical evidence. The preliminary investigation must be completely conducted and reported, and follow-up investigation should only be continued if success is possible (Palmiotto, 2013:15).

The participants were asked, “What is your understanding of preliminary investigation?” The concept ‘preliminary investigation’ was only partially

comprehended by all the participants. The empirical data showed that the primary focus of the participants' understanding revolved around the gathering of evidence regarding the underwriting, by understanding the client's policy; thus, "What cover does such client enjoy?" (Process of underwriting of policy cover), and this they will then compare with the claim incident description provided by the client. From this comparison they will then decide whether a red light (possible crime) exists or not.

Most of the participants referred to a red flag as a red light – which is understandable, as the Business Quality Assurance (BQA) document also refers to 'red light' in such a context. Something in the claimant's report is considered a red light if there is uncertainty or an apparent irregularity in terms of the regular driver, or an allegation of the driver being under the influence, or other similar aspects such as a risk address issue, a roadworthy issue, the possibility of a staged accident issue, or a driver's license issue. They also referred to the possibility of the home content being underinsured as a red light.

4.2.4 The framework of preliminary investigation phase

Fahsing (2016:20), Grau and Jacobson (1981:3–5); Palmiotto (2013:14) and Van der Watt (2015:160) share the same opinion of **tasks** related to preliminary investigation, which include the following: collection of specific information pertaining to the crime; searching for evidence; questioning suspects, the victim and witnesses; recording all statements; identifying, examining, collecting and processing physical evidence; and also photographing, measuring and sketching the scene.

The participants were asked, "When you receive a claim for investigation, explain in detail the process you follow?". All but one (1) participant indicated that the preliminary investigative phase consists of several steps, from verifying the policy content (underwriting), comparing this to the claim incident submitted by the client, identifying the red flags and conducting a desktop investigation.

If further investigation is required, such investigation will be conducted on-the-road, followed by summarising the findings, discussing the findings, and then either settling or rejecting the claim. All the participants within TIH's STI concur

that the gathering of evidence during the preliminary investigative phase is crucial in support of the red lights (crime) that were identified. The preliminary investigative phase in both the criminal and insurance investigative process is a task of collecting evidence to solidly support the crime/red light/red flag.

It is noticeable that the preliminary investigative phase within the insurance investigative context consists of different steps, whereas in the criminal investigative process no steps are mentioned. It was deemed that the amount of time spent by the majority of the loss adjusters doing desktop investigation probably contributed to the low rate of rejected claims overturned by OSTI. The researcher considers this as best practice.

4.2.5 Desktop investigation

Desktop investigation is the gathering of information of a case as quickly as possible and includes running simple database searches, verifying the information given, confirming facts known to be true, extensive database searches, and customised enquiries as needed. It also includes social media searches and numerous phone calls as needed (Corporate Investigative Services, Inc, 2022).

The participants were asked to indicate (using a table provided) whether their work involved either desktop investigations, or on-the-road investigations or both. The participants had to provide a percentage for each of the selected activities. The empirical data revealed that 56.5% of the investigations involve, firstly, desktop investigations, while 42.5% of the investigations involve on-the-road investigations. While this is very near to a 50–50% split, it highlights the importance given by the participants to desktop investigations, prior to an on-the-road investigation.

The participants were asked, “What does the ‘desktop investigation’ entail? List the activities”. The empirical data collected showed that the majority provided activities listed under desktop investigation such as underwriting, looking at the claim description, identifying red flags, and gathering information by conducting interviews via telephone with all relevant parties. A minority defined desktop investigation as part of the preliminary investigation phase, and that it is a crucial part of the investigative process by purely using a laptop, the Internet

and a telephone. In addition, a minority also mentioned that they will include checks such as social media, credit checks and listening to calls, whereas one participant did not understand the question.

4.2.6 Preparation to conduct interviews

Literature emphasises the importance of preparation to conduct an interview; however, to interview everyone is a waste of time and money. Interviewing the most cooperative person can be used as a guideline, but when investigating a potentially fraudulent insurance claim, it will be more efficient to first interview the claimant.

The participants were asked, “When there are multiple people to interview, how do you decide who to interview first?”. The empirical data showed that the participants have diverse strategies, which range from interviewing the claimant first, to interviewing either the passengers or the driver or even the first person that connects with them when making enquiries about the incident. It was also suggested that the type of red flag incident being investigated may have slightly affected the interviewing method.

4.2.7 Communication skills

According to the literature, an investigator needs to be patient, and demonstrate a knowledge of concepts, sentiments, and attitudes, in addition to having effective listening skills.

The participants were asked, “Described the challenges (if any) that you experience prior to conducting interviews with clients and witnesses”. The empirical data showed that the overall majority of the participants confirmed the following challenges: language barrier and culture; the contactability of the clients, as most clients block call centre numbers; witnesses are reluctant to give information as they do not want to become involved, or they are afraid for their lives; incompetence of SAPS and KZN region experience a great deal of protest action which hinders loss adjusters from entering certain areas.

The data thus highlighted not only direct, one-on-one communication challenges, but also external conditions that hamper the ability of the participants to have effective communication with the claimant.

4.2.8 Investigative tools

Investigating suspicious claims involves gathering a great deal of information, including internal data, information from national or international databases, information from social media, as well as any other data that might be connected to the claim, including billing information and health information (Linkurious, 2022).

The participants were asked, “Do you have access to any credit providers to conduct a credit profile, and if ‘yes’, how often do you use it?” The empirical data showed that all the participants have access to a credit provider to conduct a credit profile on the claimant, which is used daily.

The participants were asked, “When conducting credit checks, does it save you time throughout your investigation?”. The data showed that this tool saves time during an investigation.

The participants were asked, “To what extent does your company provide you with Internet when working from home?”. The data showed that all the participants received data to connect to the Internet when working from home.

From the data, it is evident that the loss adjusters within TIH are knowledgeable about the use of credit provider services, and that this service is used daily. In terms of its impact on their time, the majority of the participants are of the view that it does save time. TIH supplies the loss adjusters with the necessary Internet connectivity, enabling them to perform their investigative duties while working remotely (from home offices), as was recently the case during the COVID-19 pandemic.

The participants were asked, “Do you use any social media (Snapchat, TikTok, Facebook, Twitter, YouTube, WhatsApp, MixIt, any other) as an investigative tool during your preliminary investigation prior to conducting interviews?” If ‘yes’, did it at any stage contribute in a positive manner to your investigation?”

The data showed that social media, specifically Facebook, is used extensively as an investigative tool throughout the investigation process, and that it is considered as contributing towards success during the investigation process.

The participants were asked, “What other investigative tools do you have at your disposal? Please elaborate”. The data showed that there is a variety of electronically produced investigative tools available to the participants. While the majority are ‘open source’, some require the payment of a subscription fee which TIH does pay.

4.2.9 On-the-road investigation

Similar to the paucity of information pertaining to desktop investigations, the researcher did not find much literature that addressed ‘on-the-road’ investigation. The researcher was unable to find a conceptual definition for an ‘on-the-road’ investigation, and for that purpose provides an operational definition.

An on-the-road investigation is the type of investigation conducted where there is a need to verify, confirm or gather information that cannot be done via a desktop investigation.

The participants were asked, “What does the on-the-road investigation entail? List the activities”. The data showed that this term was understood to imply the activities when the participant gets into a vehicle with the intent to conduct further investigation to validate the claim, and lists the activities such as verifying the accident scene, tracing witnesses, visiting the risk address, visiting police stations, viewing the accident vehicle, and verifying invoices for lost or stolen items.

This question was followed up by asking the participants, “What factors influence your decision to take your investigation on-the-road?” The data showed that an on-the-road investigation will be done when the participants are unable to confirm the claim’s red flags through a desktop investigation – that is, once all the checks and balances possible have been done via the desktop investigation, and further investigation is required pertaining to issues of the identified red flag, which cannot be done remotely.

4.2.10 Planning and preparation

Planning and preparation in daily life are two essential skills for a successful investigation; therefore, it is important to 'plan your work and then work your plan'.

The participants were asked, "To what extent do you pre-plan your desktop investigation (for example, do you have a specific type of plan or steps that you follow?)" The data showed that the overall majority of the participants do pre-planning prior to commencing with the desktop investigation. The following steps were mentioned: the first step is to conduct underwriting, followed by reading the incident description, identifying red lights, and lastly, conducting interviews.

The participants were asked, "To what extent do you pre-plan your on-the-road investigation trip in relation to (a) single vs multiple destinations, and (b) interviews with clients or witnesses?". The data showed that pre-planning is done by all the participants prior to going on-the-road. The data highlighted various strategies, specifically in relation to the interviewing of clients or witnesses. The data also showed that a small number of the participants do not pre-plan their interviews, and will ask questions as they go along.

According to literature, planning and preparation are essential skills that need to be developed by each investigator. An investigator must be aware of their own thinking, and ensure that it is a deliberate process, because the investigative process is also considered as a thinking activity. From the empirical data received, it is evident that desktop investigation is pre-planned with a systematic system in place, starting with underwriting, claim description, red flags and, lastly, interviews. On-the-road pre-planning in relation to destinations seems also to be pre-planned by the loss adjusters; however, the majority of the loss adjusters conduct on-the-road pre-planning in relation to the interviewing of clients and witnesses.

4.3 RECOMMENDATIONS

Based on the above findings, the researcher offers the following recommendations:

4.3.1 The objectives of preliminary investigation

All loss adjusters should receive in-house refresher training to facilitate an understanding of the policy manual. This will also further equip them when identifying possible red lights. It is also recommended that the term 'red light' used in the BQA document be changed to 'red flag', to be consistent with international standards and literature.

4.3.2 The framework of preliminary investigation phase

It is recommended that all loss adjusters receive in-house refresher training presented by TIH Learning and Development Department (L & D Department) on the preliminary investigative phase and the steps to be followed. This should be coupled with training in soft skills such as effective planning and time management, as well as communication across racial and gender boundaries.

4.3.3 Desktop investigation and investigative tools

It is recommended that all loss adjusters receive in-depth training in desktop investigation, and the importance of desktop investigation taking place prior to conducting on-the-road investigation.

The researcher also recommends in-depth training to improve their use of investigative tools such as other social media platforms – for example, Instagram and TikTok.

4.3.4 Preparation to conduct interviews and communication skills

It is recommended that all loss adjusters receive training in interviewing skills, to be presented by Gideon Jones or a similar entity. This is because the training was identified as main intervention required within the STI to equip loss adjusters with new knowledge and skills. The new knowledge acquired by loss adjusters within STI will address a number of skills gaps in relation to the investigations of insurance fraud.

4.3.5 Additional research in the STI context

It is strongly recommended that future postgraduate students undertake their studies in the context of STI in South Africa, to not only enhance the amount of information available on this topic, but also to benchmark against international companies. The researcher has dedicated sixteen years of her life to investigation, and believes that if the suggested recommendations are implemented, more value will be added to the preliminary investigative phase, saving costs and time during the investigation of STI claims. The researcher also empowered herself with the knowledge gained from this study.

4.4 CONCLUSION

During 2019, the short-term insurance industry lost almost R7 billion to fraud (Coleman, 2020; Geldenhuys, 2021) and the amount is rising annually. What makes it more concerning is that the ordinary consumer who adds a few items to the claim that were not lost at all, or boosts the loss claim amount to cover the unpaid excess, does not regard this type of behaviour as fraud, but as acceptable (Staff Writer, 2020). The annual rise in fraudulent insurance claims affects everyone, including the insurer – hence the need for loss adjusters to investigate such claims and prevent them from being paid.

Everyone is affected by insurance fraud, but the honest client is most severely affected, as insurers have no choice but to raise premiums in order to transfer the rising expense of claims to the client. To protect the honest client and minimise premium increases, TIH has developed both an automated and a manual process to identify any red flag/s – which is any undesirable characteristic, a set of circumstances, or even a deviation from the norm, on a claim. Such claim will then be sent to the loss adjusting department for further investigation. Successful rejections by the loss adjusters at TIH will ensure that their clients are largely spared the rising costs of insurance.

“Even the lion, the king of the forest protects himself against flies”, meaning that even the strongest among us must guard against potential threats, no matter how small they may seem (Dikson 2021). Small losses become big losses, over time.

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ANNEXURE A

INTERVIEW – SAMPLE A: LOSS ADJUSTERS

SAMPLE A: LOSS ADJUSTERS

Topic

AN EVALUATION OF THE VALUE OF PRELIMINARY INVESTIGATION IN INSURANCE LOSS ADJUSTING

Purpose

The researcher intends to:

- Conduct an evaluation study of the value of preliminary investigation in insurance loss adjusting when investigating insurance claims.
- Explore to what extent preliminary investigation is done by the loss adjusters.

Research aim

The aim of this research is to conduct an evaluation of the value of preliminary investigation in insurance loss adjusting at Telesure Investment Holdings (Pty) Ltd.

Research question

What is the value of performing preliminary investigation when investigating an insurance claim?

You are kindly requested to answer the following questions in this interview schedule, for the researcher. The researcher is bound to her assurances and guarantees by the ethics code for research of the University of South Africa. The information you provide will be used in a research project for a Master of Technology degree registered with the Programme Group: Police Practice at the University of South Africa. The analysed and processed data will be published in a research report.

Your answers will be noted by the interviewer herself, on paper. Should any question be unclear, please ask the researcher for clarification. Only one answer per question is required. When answering the questions, it is very important to give your own opinion. Be mindful that there are no right or wrong

answers: the interviewer is interested in your opinion and your experience in relation to these questions.

Written permission has been obtained from Telesure Investment Holdings (Pty) Ltd: STI: CEO Robyn Farrell, in advance, to conduct this interview.

I hereby give permission to be interviewed and that information supplied by me can be used in this research. I am aware that I may withdraw from this process at any time before and/or during the research.

YES / NO

PARTICIPANT NO: _____ DATE: _____

SECTION A: BIOGRAPHICAL INFORMATION

1. What is your age? / Gender?

_____ / _____

2. What is your highest Tertiary qualification?

3. What was your previous job title/s in the last five (5) years?

4. How long have you been within the Loss Adjusting Department at TIH (Telesure Investment Holding)

5. How many years of investigative experience do you have within TIH or external?

6. What training have you received within TIH or external in the investigative field and when was this training received?

6.1 Qualifications – Acquiring knowledge

6.2 Training – Acquiring a specific skill (on the job training (e-learning) of the job (courses)

7. How many STI (Short-Term Insurance) insurance claims do you investigate per month?

8. How many STI insurance claims do you reject per month successfully, without the Ombudsman overturning it?

SECTION B: PRELIMINARY INVESTIGATION AND PLANNING PRIOR TO CONDUCTING INTERVIEWS

Planning / Preparation

1. What is your understanding of preliminary investigation?
2. When you receive a claim for investigation, explain in detail the process you follow?
3. Does your work involve the following?

	Yes	No	% spent
Desktop investigation			
On the road investigation			
Both (Desktop + On-the-road)			

4. What does the ‘desktop’ investigation entail? List the activities.
5. To what extent do you pre-plan your desktop investigation? (For example, do you have a specific type of plan or steps that you follow?).
6. What does the on-the-road investigation entail? List the activities.
7. What factors influence your decision to take your investigation ‘on-the-road’?

8. To what extent do you pre-plan your road investigation trip with regard to:
 - 8.1 Destinations (single vs multiple)
 - 8.2 Interviews (client/ witness/es)
9. When there are multiple people to interview, how do you decide who to interview first?
10. Describe the challenges (if any) that you experience prior to conducting interviews with clients/ witnesses.
11. Does your company provide you with any guidelines to follow prior to conducting interviews? Are you able to share them with me?
12. If you answered NO to question 11, what do you do prior to conducting interviews?

Investigative tools

13. To what extent does your company provide you with internet when working from home?
14. Do you have access to any credit providers to conduct a credit profile and if yes, how often do you use it?
15. When conducting credit checks, does it save your time throughout your investigation?
16. Do you use any social media (Snapchat, Tiktok, Facebook, Twitter, YouTube, WhatsApp, MixIt, any other) as an investigative tool during your preliminary investigation prior to conducting interviews? If yes, did it at any stage contribute in a positive manner to your investigation?
17. What other investigative tools do you have at your disposal? Please elaborate.

Is there anything else you wish to add?

Thank you very much for your participation.

ANNEXURE B

INTERVIEW – SAMPLE B: EXPERT

SAMPLE B: EXPERT

Topic

AN EVALUATION OF THE VALUE OF PRELIMINARY INVESTIGATION IN INSURANCE LOSS ADJUSTING

Purpose

The researcher intends to:

- Conduct an evaluation study of the value of preliminary investigation in insurance loss adjusting when investigating insurance claims.
- Explore to what extent preliminary investigation is done by the loss adjustors.

Research aim

The aim of this research is to conduct an evaluation of the value of preliminary investigation in insurance loss adjusting at Telesure Investment Holdings (Pty) Ltd.

Research question

What is the value of performing preliminary investigation when investigating an insurance claim?

You are kindly requested to answer the following questions in this interview schedule, for the researcher. The researcher is bound to her assurances and guarantees by the ethics code for research of the University of South Africa. The information you provide will be used in a research project for a Master of Technology degree registered with the Programme Group: Police Practice at the University of South Africa. The analysed and processed data will be published in a research report.

Your answers will be noted by the interviewer herself, on paper. Should any question be unclear, please ask the researcher for clarification. Only one answer per question is required. When answering the questions, it is very important to give your own opinion. Be mindful that there are no right or wrong answers: the

interviewer is interested in your opinion and your experience in relation to these questions.

I hereby give permission to be interviewed and that information supplied by me can be used in this research. I am aware that I may withdraw from this process at any time before and/or during the research.

YES / NO

DATE: _____

SECTION A: BIOGRAPHICAL INFORMATION

1. What is your age? / Gender?

_____ / _____

2. What is your highest Tertiary qualification?

3. What is your field of experience?

4. How long have you been within this field of expertise?

5. Do you belong to any associations such as the ACFE or ICFP or other?

SECTION B: PRELIMINARY INVESTIGATION AND PLANNING PRIOR TO CONDUCTING INTERVIEWS

Planning / Preparation

1. Explain, according to your experience and knowledge, the investigative process within the insurance industry.
2. Explain, according to your experience and knowledge, what investigative steps you regard as part of preliminary investigation and if preliminary in-

vestigation is seen as an important part of the investigative process in the contact of insurance investigations.

3. Related to your experience and knowledge, is desktop investigation regarded as an important step within preliminary investigation.

Is there anything else you wish to add?

Thank you very much for your participation.

ANNEXURE C

PERMISSION LETTER FROM TIH

20 May 2019

Ms Adéne Blignaut
740228 0231 086
1 Montgomery Drive
Block A
Mount Edgecombe
4302

Dear Adéne

**LETTER OF APPROVAL TO CONDUCT RESEARCH WITHIN
TELESURE INVESTMENT HOLDINGS: LOSS ADJUSTING
DEPARTMENT.**

I refer to your request via email dated 14 May 2019 requesting formal permission to conduct research within Telesure Investment Holdings: Loss Adjusting Department.

Permission granted as follows:

1. Permission granted to conduct research within Telesure Investment Holdings;
2. Permission to obtain and use data related to Complaints against Loss Adjusting Department (claims being rejected and sent to Ombudsman)
3. Permission granted to interview Loss Adjusters within the Loss Adjusting Department; however, this may not affect workload and such interview will be done voluntarily.
4. Permission granted to use the name Telesure Investment Holdings throughout your Dissertation.

Once your studies are completed, you need to make your finding available for development and training purpose.

All the best with your research.

Yours sincerely



Robyn Farrell
STI : CEO

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**TELESURE INVESTMENT
HOLDINGS (PTY) LTD**

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INVESTMENT
HOLDINGS

ANNEXURE D

UNISA ETHICAL CLEARANCE

UNISA CLAW ETHICS REVIEW COMMITTEE

Date 20190920

Reference: STF 116 of 2019

Applicant: A Blignaut

Dear A Blignaut

Decision: ETHICS APPROVAL

FROM 01 August 2019

TO 01 August 2022

Researcher: Adéne Blignaut

Supervisor: Dr B Benson

AN EVALUATION OF THE VALUE OF PRELIMINARY INVESTIGATION IN INSURANCE LOSS ADJUSTING

Qualification: M-Tech Forensic Investigation

Thank you for the application for research ethics clearance by the Unisa CLAW Ethics Review Committee for the above mentioned research. Ethics approval is granted for 3 years.

*The CLAW Ethics Review Committee reviewed the **low risk application** on 1 September 2019 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The decision was ratified by the committee.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the CLAW Committee.



3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
7. No research activities may continue after the expiry date **1 September 2022**. Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.

Note:

The reference number STF 116 of 2019 should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.

Yours sincerely,



PROF T BUDHRAM
Chair of CLAW ERC
E-mail: budhrt@unisa.ac.za
Tel: (012) 433-9462



PROF M BASDEO
Executive Dean : CLAW
E-mail: MBasdeo@unisa.ac.za
Tel: (012) 429-8603

ANNEXURE E
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File size: 45.8K
Page count: 14
Word count: 3,800
Character count: 22,245
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Page 4

From: Turnitin No Reply <noreply@turnitin.com>
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Dear Adéne BLIGNAUT,
Paper ID: 2014699245

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The Turnitin Team

Page 5

ANNEXURE F

CERTIFICATE OF LANGUAGE EDITING

7 February 2023

I, Marlette van der Merwe, hereby certify that the text and list of references of the master's dissertation titled "An evaluation of the value of preliminary investigation in insurance loss adjusting" by Adéne Blignaut, have been edited by me according to the Harvard referencing method as used by the Department of Criminal Justice at Unisa.

A handwritten signature in black ink, appearing to read "Marlette van der Merwe". The signature is written in a cursive style with some loops and flourishes.

Marlette van der Merwe

BA (English), HDipLib (UCT)