



# Preventing Fleet Fraud

Fleet fraud is costly. A staged accident or injury claim by an employee can mean expensive payouts and increased insurance premiums, so it is essential that your business take steps to prevent and detect employee fraud. Anti-fraud measures and internal controls can and should be designed and customized for each individual organization based on its unique characteristics. In addition, stay alert for these red flags:

- Driver with a history of prior accidents of similar circumstances
- Driver with multiple past claims with the same attorney
- Driver that demonstrates familiarity with claims process and claim evaluation
- An overly enthusiastic witness present at the accident scene

Fleet management programs that include a fleet safety policy are most successful at preventing fraud when they cover the following areas.

1. **Management commitment:** Clearly define management's role and commitment to preventing and detecting fraudulent claims. Most perpetrators of fraud engage in illegal conduct only when they perceive that they will not be caught.
2. **Written policies and procedures:** All permitted and prohibited driver behavior, along with proper procedures to follow in the event of an accident, should be clearly listed in a written policy.
3. **Driver agreements:** Documenting a driver's commitment to conform to all policies and procedures can help deter aberrant behavior. If an organization increases in its employees' minds the perception that the illegal acts will be detected, it deters occupational fraud.
4. **Motor vehicle record checks:** Conducting a motor vehicle record check in addition to a standard background check can expose any suspicious driving or claims patterns before hire or before permitting an employee to use a company vehicle.
5. **Crash reporting and investigation:** Conduct thorough investigations of each claim. Provide forms for employees to complete in the event of an accident.
6. **Vehicle selection, maintenance and inspection:** Conduct regular inspections to demonstrate 's commitment to preventing accidents and fleet fraud.
7. **Disciplinary action system:** Make the serious repercussions of fraud clear, including legal action and termination. Adopting concealed internal controls may assist in detecting fraud, but it generally does not prevent it because employees are unaware of their presence and potential detective ability.
8. **Reward and incentive program:** Reward employees for good driving habits and lack of accidents and claims.

For any business operating vehicles under a fleet motor insurance policy, it is important to demonstrate to an insurer that adequate fleet procedures are in place to minimize costly risks—including occupational fraud. For more information about controlling insurance costs, contact the professionals at DSP Insurance Services today.

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