

News Release



Aviva fraud investigation reveals urgent need to reform auto insurance

*Canadians are paying billions for auto insurance fraud –
Auto repair fraud costs \$547 million in Ontario alone*

Aviva recommends a 5-point action plan from government to fight fraud

March 12, 2018 (Toronto, Ontario) – Auto insurance fraud is estimated to cost Canadians more than \$2 billion every year. Today, the shocking results of a new Aviva investigation designed to determine the impact of auto repair fraud on insurance consumers highlights the urgent need to reform the auto insurance system.

Through this investigation, Aviva estimates that auto repair fraud across Ontario costs consumers approximately \$547 million annually. A year-long secret operation by Aviva’s fraud investigation team set out to discover what really happens during the auto repair process when auto body shops and tow truck drivers encounter vehicles involved in collisions on Ontario’s roads.

Throughout 2017, Aviva purchased ten cars which investigators and automotive experts deliberately crashed and damaged. Experts retained by Aviva carefully examined and assessed each car to calculate the actual extent and cost of repair.

Equipped with hidden cameras, the damaged cars were positioned near provincial highways at random locations in the Toronto area to simulate collisions. Undercover investigators posing as drivers equipped with recording equipment waited for assistance. The investigation recorded and tracked the entire process from the time assistance arrived at the collision scene, until damaged cars were repaired and invoices submitted.

Evidence gathered during the investigation revealed **nine out of ten cases involved fraud**. In this investigation, Aviva found:

- **Substantial level of fraud:** An average of 57% of total repair costs invoiced to Aviva were fraudulent.
- **Additional deliberate damage:** Hidden camera footage caught auto body shop employees deliberately causing damage to cars.

- **Wrongful billing and repairs of car parts:** Auto body shops billed for new car parts, but installed used parts, or did not replace the parts at all. Additionally, parts that were not damaged were itemized on the final invoice as repaired.
- **Billing for services not provided:** Tow truck operators invoiced Aviva for towing and storage services that did not occur.
- **Consumer abuse:** Tow truck operator offered incentive for tips on accidents requiring towing services, discouraged driver from using Aviva’s accredited auto body shops, towed vehicles without proper permission and asked a driver to sign a blank work order.

Watch [this video](#) of the evidence found in Aviva’s fraud investigation.

Commenting on the investigation, Gordon Rasbach, Aviva Canada’s Vice President of Fraud Management, said:

“This amounts to a national scandal. However, we recognize that not every tow truck operator or auto body shop is fraudulent. As for those who are taking advantage of the system, government and the insurance industry must collectively act against auto insurance fraud by tackling the root causes that have led to a broken and dysfunctional system. The way forward begins with government - that is why we are proposing a 5-point action plan on behalf of honest consumers.”

Aviva calls for 5-point action plan

In Ontario, Aviva is pleased to see progress on implementation of [The Marshall Report](#) and the [Serious Fraud Office](#), but more needs to be done.

For years, insurers have suspected fraudulent activity coming from the automotive repair industry. Aviva believes provincial regulators should have a clear mandate to regulate the insurance industry to identify, deter and prevent fraud. To that end, Aviva is calling for a 5-point action plan from government to:

1. **Ban referral fees** to take unnecessary cash out of the system (these fees benefit third party suppliers but not consumers).
2. **Prohibit blank work orders** to ban any supplier from asking consumers to sign them.
3. **Allow discounts to customers** who agree to use an insurer’s accredited repair network.
4. **Force insurers to report** all identified fraud and investigation outcomes so that data is shared.
5. **Increase penalties** for suppliers of goods and services to insurance claims who abuse consumers or defraud insurers

Gordon Rasbach continued:

“The video footage and clear evidence of fraudulent invoicing shows just how pervasive the problem of fraud is in Canada. We predict that Canadians are paying more than \$2 billion a year for auto insurance fraud. They have told us that enough is enough. Honest drivers who may have been a victim of fraud without their knowledge, or are paying for it through higher premiums deserve better.”

For more information on fraud and how to solve it, visit: <https://www.avivacanada.com/fightfraud/>

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Notes to the editors:

- To view and obtain media b-roll of the investigation, visit www.avivacanada.com/fightfraud/the-evidence
- Aviva Canada customers who suspect they may have been a victim of fraud can contact the 24/7 fraud hotline at: 1 855 332 5255. Or by email at: fraud.canada@aviva.com
- Tow truck operators are mandated to follow the bill protecting the rights of consumers. Tips on how to detect and avoid malpractices can be found here: http://www.fSCO.gov.on.ca/en/auto/brochures/pages/brochure_scamtips.aspx

Assessing the damage

- All damaged vehicles were assessed by an independent appraiser prior to beginning the investigation
- Of the nine vehicles where fraud was eventually identified, the original assessment for total damages was \$27,657.15.
- After the shops completed work on those same nine vehicles, the total billings came to \$58,328.40
- Following those repairs, we re-inspected each vehicle to assess the work that was actually done against what Aviva was billed. This revealed that \$33,179.74 of the \$58,328.40 (57% of total cost) was fraud – either because the parts and labour were not installed or completed as invoiced, or because the parts and labour were attributable to additional deliberate damage caused by the shop itself.
- For the one non-fraudulent case:
 - **\$2,366.03** = Total independent appraisal before the staged collisions
 - **\$2,475.01** = Total invoice (parts and labour) submitted by the auto body shop

About Aviva Canada

Aviva Canada is one of the leading property and casualty insurance groups in the country, providing home, automobile, leisure/lifestyle and business insurance to 2.9 million customers. A subsidiary of UK-based Aviva plc, Aviva Canada has more than 4,000 employees focused on creating a bright and sustainable future for our customers and our communities.

Aviva Canada invests in positive change through the Aviva Community Fund, Canada's longest running online community funding competition. Since its inception in 2009, the Aviva Community Fund has awarded \$8.5 million to over 280 charities and community groups nationwide. Aviva Canada, bringing over 300 years of good thinking and insurance solutions to Canadians from coast-to-coast.

For more information, visit aviva.ca or Aviva Canada's [blog](#), [Twitter](#), [Facebook](#) and [LinkedIn](#) pages.