International Journal of Engineering & Technology, 7 (4.38) (2018) 179-185

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper

Insurance Fraud in Russia and Abroad: Problems in Improving the Efficiency of Counteracting

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Abstract

The article is dedicated to the research of the insurance fraud phenomenon comparing a Russian and foreign practice of counteracting this crime. The authors, using the general scientific methods of cognition as well as the method of comparative legal analysis and other special legal methods of research, are studying the problem of counteraction the insurance fraud in Russia and other countries. The article characterizes the state of exploration of this problem from a viewpoint of Russian and foreign criminal research, analyses the criminal legislation and practice of counteracting this crime. Based on the results, the article substantiates the conclusion about a demand for a broader understanding of the insurance fraud problem and other crimes in the sphere of insurance for increasing the efficiency of combating these crimes through legal education of the population and neutralizing the false and criminogenic stereotypes of thinking of various participants in the insurance relationship.

Keywords: *Comparative studies; Criminal legislation; Insurance fraud; Prevention and practice of counteraction; Russian and foreign criminal science; Scientific research.*

1. Introduction

The insurance fraud problem is quite challenging for contemporary Russia and other countries, including the countries with the developed insurance industry [1]. The property damage inflicted as a result of this kind of crime is estimated at huge amounts. There is a growing degree of organization in the related criminal activities and corruption of some of its members. This criminal activity attracts professional criminals, who are considering it as a prospective sphere of criminal business. Among those involved, there are ordinary citizens who, as a rule, are inclined to justify their unlawful behaviour by various false motives. The negative consequences of fraudulent offences committed in the insurance sphere do not limit to sizeable property damage but are also expressed in serious reputation losses of law-abiding representatives of the insurance business, discrediting the insurance institution itself and its social mission in the eyes of consumers of insurance services. Ultimately, the total "cost" of insurance fraud expressed in monetary terms inevitably falls on the shoulders of honest underwriters and policyholders [2]. The former have to raise their own costs to compensate the losses caused by the fraudsters' actions. The latter have to cover the ever-increasing price of insurance policies due to criminal costs. That is exactly the reason, why in foreign practice the insurance fraud is rightfully called a "crime for which we pay – the ordinary citizens" (a crime you pay for) [3].

Owing to the urgency of the insurance fraud problem at the interstate level, this study attempts to consider, regardless of a specific national context, the most complex and important issues of counteracting this crime. Therefore, the study summarizes and presents the data characterizing the trends common to all the countries thus allowing diagnosing the state of the problem. The research reveals the degree of scientific development of the insurance fraud problem (in terms of criminalistic studies), examines the similar features of the national criminal laws providing liability for the crime. As a result, there were identified and compared the main directions of preventing and combating these crimes.

2. Methods

The study was held during 2013-2017 with the use of a dialectical method of cognition of social phenomena and processes. Doing this research, we used the methods of analysis, synthesis, induction, deduction, analogy, modelling, comparison, generalization, methods of formal and conceptual logic, etc. as the general scientific approach. In the course of the study, the following special methods were used: historically-legal, comparative-legal, system-legal, statistical and sociological methods. At the core of the research, we put a non-typical (for anti-criminal sciences and law-applying practice) methodological approach for understanding the category of "crime in the insurance sphere" as a broader and more socially dangerous criminal science category than it had been interpreted in earlier domestic and foreign criminal and interdisciplinary scientific studies, in model representations of practicing lawyers and the public.

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3. Main part

3.1. Status of the problem

The official statistics data on fraud and other crimes in the insurance industry of Russia are the following: according to the Main Information and Analytical Centre (MIAC) of the Ministry of Internal Affairs of Russia, in 1998 – 988 crimes detected in the insurance sector, in 1999 – 736, in 2000 – 898, in 2001 – 814, in 2002 – 615, in 2003 – 794, in 2004 – 1798, in 2005 – 3207, in 2006 – 3522, in 2007 – 3423. Of them, the share of thefts amounted to 80%, of which an average of about 35% fell on fraud. From 2008 to the present time, the criminal statistics in the context of "Information on crimes in the insurance industry" is not represented in the published statistical reports of the MIAC of the Ministry of Internal Affairs of the Russian Federation. After introducing the Article 159.5 "Fraud in the field of insurance" to the Criminal Code of the Russian Federation, the base statistical data on this crime was published: in 2012 – 19 fraud offences registered in the insurance industry, in 2013 – 462, in 2014 – 441, in 2015 – 478, in 2016 – 958.

According to the data of the Judicial Department at the Supreme Court of the Russian Federation, the details of criminal records regarding the persons who committed insurance fraud (Article 159.5 of the Criminal Code) are as follows. In the first half of 2017, 93 people were convicted for insurance fraud in Russia [4]. Of the total number of convicts under Article 159.5 of the Criminal Code of the Russian Federation, during the period under review, 13 people (14%) were convicted under Part 1, 46 people (43%) – for committing this crime by a group of persons by prior collusion (Part 2 of Article 159.5 of the Criminal Code), 15 people (16%) – for insurance fraud in a large amount (the value of the stolen property more than 1.5 million rubles) and for the commission of the crime using the official position (Part 3, Article 159.5 of the Criminal Code), 19 people (20%) for insurance fraud in especially large amount (the value of stolen property more than 6 million rubles) or in an organized group. In 2014-2016, the total number of convicts under Article 159.5 of the Criminal Code of the Russian Federation – 108, 140 and 157 persons, respectively.

The expert estimations suggest that the above-mentioned statistics do not reflect the real situation.

For example, according to the Department of Economic and Information Protection of Business of Rosgosstrakh, one of the largest insurance organizations in Russia, only in 2015, the company's employees detected 6777 facts of insurance fraud, prevented the losses in amount of 1.6 billion rubles. The collected materials prompted initiation of 381 criminal cases. The coordinated actions of company employees, police officers and private detectives discovered and returned 264 previously stolen vehicles for the total amount of 277 million rubles. The law enforcement agencies received 86 applications reporting the facts of selling of the counterfeit insurance policies, prompting initiation of 27 criminal cases, with 18 people indicted for fraud [5].

According to other expert assessments, the level of latency of thefts in the insurance industry is estimated at 90 ... 95% [6]. In auto insurance alone, the experts estimate the damage from fraudulent actions at 22 billion rubles. According to the Russian Union of Auto Insurers (RUAI), the share of payments in the fabricated cases of MTPL, where the facts are misrepresented, and the circumstances of the incidents falsified, amounts to 20% of all the reported losses. In monetary terms, these losses equal to more than 10 billion rubles a year. Even more losses are caused by fraudulent payments for fully comprehensive auto insurance (FCA) – 12 billion a year [7]. The specialists also point out that alongside with the fraud in insurance, there are other, fairly common crimes in Russia. According to domestic experts, from a quarter to half of insurance contracts concluded today in the Russian insurance market fall on illegal minimization of taxes and other so-called falsified insurance operations. In particular, more than 70% of insurance payments for agricultural risks are the operations aimed at carving-up of budget funds and tax evasion [8]. For cargo insurance, the share of such schemes is over 40%, in the framework of construction risks' insurance, the fraud with taxes happens in every fourth case and in property fire insurance – in every fifth case. In general, according to the most cautious expert estimates, at least 220 billion rubles move through fictitious insurance channels in Russia per year [9].

The pronounced mismatch between the official statistics on crimes in the insurance industry and the expert assessments of the real criminal situation in this sphere largely determines the imbalance of scientific and practical views and understanding of the problems of investigating the crimes in question.

Examining of foreign practice shows the average world level of insurance fraud is around 10% [10].

Thus, the European Insurance Committee evaluates the costs of fraud in Europe at 8 billion euros, which is 2% of all insurance premiums in the European Union [10]. In Germany, from 7.5 to 9 thousand cases of insurance fraud are committed annually in the amount of around 6-8% of all insurance payments, and in monetary terms the insurers lose from four to six billion German Marks [10]. In the UK, the insurance fraud is the most profitable type of criminal activity by ratio of risk and benefit, and its main danger lies in the use of the insurance fraud revenues for financing other types of criminal activities. According to the Financial Services Authority (FSA), a share of fraud in the UK amounts to about 10% of personal car insurance payments and about 15% of homeowners' property insurance. Insurance company Norwich Union published the results of a summarizing research based on various reports about the extent of fraud in the UK. As per the calculations of the company, in 2004 the losses of the economy from the actions of insurance fraudsters totalled 15.8 billion pounds sterling (8.5 billion dollars). In total, according to the company, the payments on insurance fraud cases equal to 1.4% of GDP per year, or 650 pounds sterling per household in the Great Britain [10]. Association of British Insurers (ABI) expends about 200 million pounds sterling per year on combat with insurance swindlers [11]. In France, the losses caused by dishonest clients of insurance companies are estimated at about 3 billion USD. By official data, only the disclosed fraud cases alone constitute a total of 10% of the insurance indemnity paid [10]. In the Netherlands, the payments to fraudsters constitute near 5% of all the insurance premiums, reaching about 300 million USD [10]. The car insurance fraud is one of the most common crimes in China [12]. A spectacular example of this – 334 established facts of deception of insurance companies committed by a fraudster from Shenzhen during the period from the end of 2010 to May 2013. According to the newspaper "South China Morning Post", the fraud was carried out through staging of the traffic accidents [13]. There are signs of a high degree of organization of this criminal "business" in China. In 2012, the Chinese police thwarted the activities of the criminal group comprising 95 people. The group specialized in staging the traffic accidents and illegally collecting insurance payments upon these cases. The losses of insurance companies from criminal activities estimated at 13 million yuan or 2 million dollars [14]. In Canada, according to experts, the insurance fraudsters annually cause damage for at least 1.3 billion USD. It is believed that from 10 to 15 cents of every dollar of the premium goes for insurance compensations initiated by fraudulent claims. According to the calculations of the Canadian Coalition against Insurance Fraud (CCAIF), dishonest insurers get about 10-15% of the total volume of annually collected premiums [10]. The USA recognizes the insurance fraud as one of the most common crimes. The FBI claims that more than 7,000 companies operate in the insurance industry with the total amount of insurance fees reaching 1 trillion USD per year. At the same time, the FBI experts estimate the total "price" of insurance fraud (excluding life insurance) at more than 40 billion USD per year [15].

3.2. Scientific (forensic) research

Only a few major scientific works of Russian specialists are dedicated to investigating the fraud and other crimes in the field of insurance. It is worth mentioning the study of N.F. Galaguz and V.D. Larichev examining the general theoretical and legislative provisions on insurance, characterizing the main types and methods of crimes committed by employees of insurance companies, insurers and citizens; foreign experience on organization of work to minimize losses of insurance companies and prevention of offences is analysed; recommendations for the identification, disclosure, investigation and prevention of these crimes elaborated [16]. The work of N.F. Galaguz and V.D. Larichev, despite having the capacious title, is focused mainly on the problem of the fraud in the insurance industry. Meanwhile, this is not the only type of crime in this sphere. The practice and study conducted by one of the authors have shown that the crimes in the insurance sphere are a large group of diverse crimes, comprising not only the insurance fraud, but also the other embezzlement offences, as well as related corruption and other official crimes, the crimes against the management order, against justice, etc. [17].

The educational and practical guide of A.I. Algazin "Analysis of technologies of the insurers' deception" focuses on characteristics of main criminalistic tools for identifying and investigating the crimes in the insurance industry (the author's position comes down to the fact that crimes in the sphere of insurance – are the crimes connected to fraud by policyholders and other persons, aiming at the insurance organizations with the purpose of getting an illegal insurance compensation (insurance payment)). The author analyses specific elements of the criminalistic characteristics of these crimes: identity of a typical criminal, his typical motives and goals, as well as the situation around insurance fraud. He also considered the most common ways to deceive insurers in different types of insurance [18].

In the joint scientific work, A.I. Algazin, N.F. Galaguz and V.D. Larichev outline the forensic characteristics of crimes committed for the purpose of the illegal getting of insurance benefits (the authors have in mind the fraud in the sphere of insurance and crimes of an "auxiliary" nature), explore the activity of insurance firms and security services of insurance companies to prevent these crimes, as well as the main methods for their detection, disclosure and investigation [6].

The study conducted by S.A. Lubin sets forth the specific provisions of the criminalistic characteristics of crimes in the sphere of insurance, provides criminalistic typology of the crimes, specifies the main ways of committing such crimes and formulates a general description of tactical and methodological features of their investigation [19].

Thus, S.A. Lubin examines the complex of crimes in the insurance industry through the prism of methods of their execution, according to which he splits these crimes into several relatively independent groups (the names of the classification groups are provided further in the redaction of S.A. Lubin): 1) theft of insurance premiums (fees); 2) theft of insurance payments (reimbursements); 3) crimes committed during crop insurance; 4) tax crimes in the sphere of insurance [19]. Further, the author briefly characterizes these crimes according to the selected varieties, while focusing on criminalistic characteristics and tactical and methodological peculiarities of investigation of fraud committed in order to get illegal insurance payments (reimbursements), as well as embezzling and spending of insurance premiums [19].

The scientific arsenal of Russian Criminalistics includes researches dedicated to the elaborations of criminalistic methods of investigating the fraud in the insurance industry. Among them are:

1) Monograph by M.S. Zhilkina "Insurance Fraud: Legal Evaluation, Detection Practices and Methods of Restraint" explores many examples from the practice of Russian insurers on detecting the insurance fraud, summarizes the data on main methods of detecting and preventing this crime [20];

2) Relatively small monographic study of I.V. Makhova "Methodology of Investigating the Fraud in the Insurance Industry" contains general provisions of the methodology for investigating fraudulent infringements on the property interests of insurance organizations and presents specific features of the criminalistic characteristics of these crimes, typical investigative situations at the initial stage of their investigation, the specifics of the tactics to conduct initial and subsequent investigative proceedings [21];

3) Dissertation research of N.V. Bykova shows the criminalistic characteristics of fraud in the insurance industry, investigates the issue of out-of-process measures to identify and solve this crime, discloses the contents of main typical situations of the investigation and peculiarities of specific investigative actions in criminal cases of a corresponding category [22];

4) Dissertation work by I.N. Potapova analyses the elements of the criminalistic characteristics of fraud in the insurance industry and provides the author's classification of these crimes by the subject of the crime perpetrated [23].

5) Dissertation by E.V. Bulgakova, provides an analysis of the main elements of the criminalistic characteristics of fraud by means of staging the circumstances of a traffic accident for the purpose of stealing the insurance compensation, pinpoints the peculiarities of the specific investigative proceedings during the investigation of such a crime [24];

6) Dissertation of L.A. Sukhomlinova outlines the main provisions of the criminalistic characteristics of fraud in the field of compulsory motor third-party liability (CMTPL) and other related crimes, the organizational and information basis for detecting, solving and investigating such a crime, technical and criminal means supporting such activities [25];

7) Dissertation by O.V. Trubkina stipulates the criminalistic characteristics of fraud in the sphere of insurance, incurring damages to the material interests of insurance companies, and characterises the peculiarities of the initial stage during the investigation of this crime [26];

8) Dissertation of M.M. Urazbakhtin, which establishes criminalistic characteristics of crimes in the field of car insurance (the author focuses on fraud), the specifics of the criminal case initiation and the peculiarities of the first and subsequent stages of the investigation in criminal cases of such a fraud [27].

In addition, we should mention a number of notable scientific publications in the periodicals devoted to the specifics of investigating the fraud and other embezzlements in the sphere of insurance, the peculiarities of their detection, solving and investigation [28, pp 2-4, 29; pp. 14-19; 30, 31, pp. 31-35; 32, pp. 3-7; 33, pp. 6-9; 34, pp. 119-121; 35, 36, p. 14; 37, pp. 260-262].

Review of the scientific works of foreign specialists has revealed a significant number of studies representing criminalistic methodological and other (diversified) recommendations on counteracting fraud in the insurance industry. We will consider these further.

The work of the American author B. Zalma, issued by the publishing house of the American Bar Association, gives a brief account (in the form of a reference book) on the problems of criminal liability for fraud in the sphere of insurance, as well as identification, solving and investigation of this crime. The study also accounts for the main typical methods of fraud in medical and other kinds of insurance. The author sets forth these questions, noting that a wide range of subjects involved in the insurance sphere could commit such a crime. In this sense, the research of B. Zalma, as one of the few, reflects the author's broad view on the problem of fraud in the insurance industry [38].

The other study of American specialists ("Insurance Fraud Investigator Business Plan") views referentially the issues on how to organise operations of an investigator and the other persons (private detective, specialist of the insurance organization) for investigating the fraud in the insurance sphere [39].

The reference manual of L. Hymes and T.J. Wells, published in New York, considers the criminological characteristics, criminal prosecution and investigation of fraud in the various types of insurance [40]. The work has got a pronounced victimological as-

pect. Another characteristic example of this kind of research is the work of A. Wolff "The Case of the Insurance Fraud Sacrifices" [41].

We should single out several studies by American specialists (J. Kuller, G. Reinhardt, J. Lichtor, D. Morse, L. Ackling, etc.) dealing with the issues of establishing operations of insurance organizations in order to counteract the insurance fraud [42, 43, 44]. In particular, the work of J. Lichtor dedicated to detecting the signs of fraud in the sphere of life and health insurance is designed as a practical guide for employees of insurance organizations, as well as insurance investigators and private detectives [45]. There are other works of a similar kind [46]. The practical manual by D. Morse and L. Ackling is even more specific in terms of the addressee of the recommendations formulated – the employees of the insurance organization [47].

Among the studies, we found the extremely short reference manuals of applied nature, addressed to the other side of insurance legal relations – to policyholders as consumers of insurance services [48]. Here, too, the victimological aspect of the problem is coming through as a "red line". For example, A. Lewis addresses the study of the problems preventing insurance fraud to the potential victims of this crime [49].

In the American literature, one can find the examples of studies on the issue of fraud in the insurance sphere in the industry aspects. For instance, the monograph of R. DuBois characterizes the problems of detecting and preventing the fraud in the auto insurance, examines the expert techniques for detecting such a crime [50]. The American specialist B. Soyer dedicates his study to the issues of detecting fraud in the field of marine insurance [51]. The study of R. Bourhis regards the certain issues of criminalistic characteristics and the fraud preventing in the sphere of personal insurance [52]. The research of R. Tillman highlights the issues of investigating the fraud committed by means of offshore insurance [53]. S. Womack explores criminalistic and other problems of insurance fraud in the aspect of international insurance [54]. M.H. Horng describes typical ways of committing fraud in health insurance and diversified means of preventing it [55]. In a very interesting work, the team of American authors considers the issues of counteracting the fraud, including the use of an arsenal of criminalistic means, in the sphere of property insurance committed by arson, also views the problems of preventing organized criminal activity in this field [56].

We have also come across the studies of the British specialists – J. Smith, M. Button, L. Johnston and K. Frimpong, who consider the issues of criminological, criminal-legal and criminalistic characteristics of insurance fraud [57]; Also, the work of K. Gill, studying the causes and issues of preventing insurance fraud [58]; M. Ford, considering the issues of fraud in the field of marine insurance during execution of international trade operations [59]; the German author J. Alfejeva and other authors regarding the questions of the criminological and criminal-legal characteristic of insurance fraud [42, 60, 61].

So, the comparative legal study shows the Russian and foreign scientific literature have been paying much attention to the problem of detecting and investigating the fraud and other crimes committed in the insurance industry. The authors of the research mainly focus on the problems of identifying and solving only the fraud offence in this sphere, whereas Russia and other enumerated countries view such a crime primarily in the narrow sense – as a crime of insurers or other persons against the interests of insurance organizations. The studies, in which the insurance fraud would be treated in a broad sense, from the viewpoint of its subjective composition and not only against the interests of policyholders, are only a few.

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In the Russian Federation, the Article 159.5 of the Criminal Code provides for criminal liability for fraud in the sphere of insurance, that is, for stealing someone else's property by deception towards the occurrence of an insured event, as well as the amount of insurance compensation payable to the policyholder or other person according to the law or the contract.

The disposition of this provision is a blanket and refers to the normative legal acts in the field of insurance. Particularly, to the Law of the Russian Federation of 27.11.1992 No. 4015-1 "About organization of insurance business in the Russian Federation", the Federal Law of the Russian Federation of 16.07.1999 No. 165-FZ "About foundations of compulsory social insurance", the Law of the Russian Federation of 28.06.1991 № 1499-1 "On medical insurance of citizens in the Russian Federation", etc.

The sanction of the norm fixed in Part 1 of Article 159.5 of the Criminal Code provides for punishment in the form of a fine – up to one hundred and twenty thousand rubles or in amount of salary or other income of the convicted person for up to one year, or compulsory work for up to three hundred and sixty hours, or correctional labour for up to one year, or confinement for up to two years, or compulsory labour for up to two years, or the arrest for up to four months.

Qualifying characteristics of fraud in the sphere of insurance are the execution of crime by a group of persons in collusion or the substantial damage incurred to a citizen (Part 2 of Article 159.5 of the Criminal Code of the Russian Federation).

For the commission of fraud in the sphere of insurance at the circumstances mentioned, the legislator provided for a sanction in the form of a fine for up to three hundred thousand rubles or in the amount of salary or other income of the convicted person for up to two years, or compulsory labour for up to four hundred and eighty hours, or corrective works for up to two years, or compulsory labour for a period of up to five years with restriction of freedom for a period of up to one year or without it, or imprisonment for up to four years, with restraint of freedom for a period up to one year or without it.

Part 3 of Article 159.5 of the Criminal Code provides for liability for fraud in the sphere of insurance, committed by a person using his official position or on a major scale.

Such a crime provides for a sanction in the form of a fine in the amount from one hundred thousand to five hundred thousand rubles or in the amount of the salary or other income of the convicted person for a period from one to three years, or compulsory works for up to five years, with restraint of freedom for up to two years or without such, or imprisonment for up to five years with a fine of up to eighty thousand rubles or in the amount of the salary or other income of the convicted person for up to six months or without such and with restraint of freedom for up to one and-half years, or without such.

Part 4 of Article 159.5 of the Criminal Code establishes the responsibility for committing fraud in the sphere of insurance by an organized group or on an especially major scale. In this case, the crime is punishable by imprisonment for up to ten years with a fine of up to one million rubles or in the amount of the salary or other income of the convicted person for up to three years, or without such and with restriction of freedom for a term of up to two years or without such.

The crime specified by Part 1 of Article 159.5 of the Criminal Code of the Russian Federation is rated by the legislator into the category of minor crimes, the crimes foreseen by Parts 2 and 3 of this Article – to the category of medium-gravity crimes, Part 4 – to the category of grave offences. The categorization of crimes is provided for in Article 15 of the Criminal Code of the Russian Federation.

In common with the Russian criminal law, the interpretation of insurance fraud by the foreign legislation implies the understanding of this crime as a crime of policyholders against the property interests of insurance companies.

Thus, according to the provisions of the Criminal Code of Poland, a person, who, for the purpose of getting compensation under the insurance contract, causes an incident making the basis for paying out such compensation, must be held liable for the "insurance" fraud (Art. 298 of the Criminal Code) [62].

The Criminal Code of Turkey regards the purpose of obtaining an illegal insurance coverage as an aggravating circumstance of committing a fraud (Article 504) [63]. The legislators of Argentina (Article 174 of the Criminal Code) and the Republic of San Marino (Article 204 of the Criminal Code) adhere to the similar position [64, 65].

The criminal laws of other countries single out such type of insurance fraud as falsification of the insurable event through arson of the insured property by the policyholder. So, this was done, for instance, by the legislatures of the Federal Republic of Germany (§ 263 UK) and the state of Texas (Article 28.02 of the Criminal Code) [66, 67]. The Criminal Code of the State of Texas also includes "insurance" fraud in the sphere of property and medical insurance, as well as the accident insurance (Chapter 35 of the Criminal Code).

In the Criminal Code of Denmark, the "insurance" fraud by arson (§ 161 CC) is put into Chapter 20 "Crimes posing a danger to society" (in the same list with kidnapping, sale of low-quality goods and other crimes) [68].

The insurance fraud committed by methods of falsification of insured events other than arson is stipulated in the provisions of the Criminal Code of Austria (§ 151), the Criminal Code of Bulgaria (Article 213) and the Criminal Code of Sweden (Article 11, Chapter 9) [69, 70, 71]. These documents mention such methods as intentional destruction or damaging the property, harbouring things, etc.

It is quite interesting how the norm on "insurance" fraud is designed in the Criminal Code of Holland. The Article 327 of the Criminal Code of Holland establishes responsibility for such fraud committed by the insured at the stage of insurance contract' conclusion, and Article 328 – for the fraud committed during the term of the insurance contract [72].

The methods of committing "insurance" fraud are described in great detail in the Criminal Code of the People's Republic of China; according to Article 198, the following are recognised as such:

– Premeditated fabrication of an insurance norm by the policyholder and obtaining the insurance coverage by false pretences;

– Falsification of the reason of the insurable event by the policyholder (beneficiary) or overestimating the degree of damages incurred and getting the insured amount by fraud;

– Falsification of the non-existent insured event by the policyholder (beneficiary) and receiving the insurance coverage by fraud;

– Deliberate infliction of material damage by the policyholder (beneficiary) in support of the insured event and receiving the insurance coverage by fraud;

– Deliberate actions of the policyholder (beneficiary) resulting in death, injury or illness of the insured person and receiving the insurance amount by fraud [73].

From the examples provided, it is clear that the concept of insurance fraud abroad covers only fraudulent actions by policyholders and other persons against insurance organizations.

4. Law Enforcement Practice on Counteracting the Crimes in the Sphere of Insurance

Following a number of Russian authors, we believe it is necessary to regard and classify the criminal actions in the sphere of insurance, at least, upon the criteria of the subject of criminal activity, into the following large groups of crimes:

1) Criminal actions of policyholders, the insured persons, the beneficiaries (as discussed earlier);

2) Criminal actions of the insurance organizations' employees, the insurance agents and other intermediaries in the insurance industry;

3) Criminal encroachments of managers and other high-ranking employees of insurance organizations [19].

Meanwhile, the Russian practice of preventing and investigating the analysed crimes views these crimes in a narrower context – as the insurance fraud and regards them having the following basic parameters:

– Insurance fraud is regarded as a crime of the policyholders and other persons towards the property interests of insurance organizations;

– The interviewed law enforcement officers perceive the insurance fraud mainly as a domestic crime of amateurs, committed by them personally or in a group of similar amateurs;

– The organized fraud in the sphere of insurance, including the elements of corruption, is regarded as a crime known to criminal science and practice, but to a large extent as an excessive act (an exceptional and resonant criminal fact);

– The fraud and other embezzlement in insurance, implemented in the financial and criminal formats of the "pyramids", in the schemes for evading taxes, the machinations during bankruptcy of legal entities, the operations for the illegal export of capital abroad and legalization of criminal proceeds, manipulations for illegally receiving the funds from the state budget provisions, etc., are represented as the acts occurring in domestic insurance; but their criminal-legal evaluation is extremely complicated and ambiguous (unrecognizable crimes); such deeds – is the destiny of the dishonest few professional subjects and participants of insurance activity, whose departure from the insurance market is only a matter of a short time; counteracting such acts should be carried out through an arsenal of organizational measures being the prerogative of the state regulation of insurance and insurance supervision;

– In many cases, the insurance frauds committed by professional insurance subjects (managers, top managers, employees of insurance organizations, insurance brokers, etc.), as well as by other professional participants in the insurance relationship (insurance agents, other intermediaries, average commissioners, appraisers, etc.) are determined as unrecognizable crimes. The reason is that these crimes are bordering, by their legal character, with civil, administrative, disciplinary (i.e., lacking the criminal-legal origin) misconduct or qualified as the abuse of right entailing the legal consequences proceeding out of their legal nature;

– In many cases, the false stereotypes (delusions) existing and widely spread in the mass consciousness are promoting the fraud by making people believe that such a crime is not a real crime, that it is justified by moral grounds, that the insurance frauds are practically not detected or not solved and those committing them can easily escape liability, etc.

These regularities – the parameters of the Russian law enforcement practice, should be regarded as ineffective and not ensuring a proper approach to counteracting the crimes in the insurance sector, particularly, the insurance fraud.

The similar situation is observed in other countries.

Abroad, the insurance crimes are considered mainly as the insurance fraud and understood, like in Russia, as the crimes of the policyholders infringing the property interests of insurance organizations. In most cases, the foreign specialists (both scientists and practitioners) treat the insurance fraud as a crime of single amateurs, situational criminals. Incidents of organized insurance fraud are present, but they fall into attention of law enforcers much less often than the fraud committed single-handedly or by a group of offenders-amateurs. Among the latter, the false stereotypes (delusions) mentioned above with regard to the Russian reality, are just as widely spread and influential. As in Russia, the criminal manifestations mostly affect the spheres of automobile insurance, civil liability insurance, property insurance, as well as medical insurance.

5. Conclusion

The conducted research shows that in Russia and foreign countries, the scientific practical horizon of national legislators, criminologists-researchers and criminalistic practitioners turns out to be extremely unbalanced when tackling issues of counteracting the crimes in the insurance industry. The main focus of these persons is focused on the problem of insurance fraud alone, understood mainly as a crime of policyholders, and is also aimed at embez-

zlement issues by dishonest employees of insurance organizations, insurance agents and other intermediaries, mostly amateur criminals encroaching on legitimate property interests of insurers. Other aspects of the anti-criminal problems in the sphere of insurance are neither covered by any major forensic scientific research, nor by any legislative initiatives, nor by any other approaches being put into practice. We believe a broader view of the problem of insurance fraud and other various crimes committed in the sphere of insurance (corruption and others) will definitely enhance the effectiveness of theoretical and applied recommendations on counteracting the crimes in insurance.

Once more, it is worthwhile to draw attention to the special significance of the active crime prevention in the sphere of insurance, by not only identifying and eliminating the causes and conditions of these crimes (primarily – those organized and corrupted), but also by introducing the various means of anti-criminal education for participants in criminal proceedings, in the first place – for non-professional ones as well as for broad groups of the population. Keeping this in mind, we consider the elaboration and promotion of innovative scientific products – the electronic applications developed for mobile devices operating under Android or IOS operating systems and placed in free access at virtual stores of electronic applications as a new and promising direction of anti-criminal education for the participants of the insurance relationship and prevention of related crimes.

The authors of this article have developed and introduced several such applications:

1) "Fraud in insurance: what we should know about it and how to withstand it (brief methodological recommendations)" [74].

2) "Fraud and related crimes in automobile insurance (compulsory third-party liability insurance – CTPL, voluntary third-party liability – VTPL, fully comprehensive automobile insurance – FCA): what we should know and how to withstand them (brief methodological recommendations)" [75];

3) "Misappropriation and embezzlement in the insurance industry: what we should know about such crimes and how to resist them (brief practical recommendations)" [76].

In future, we plan to adapt the data of these scientific products for their introduction in English version.

Acknowledgement

The work performed under the grant of the President of the Russian Federation in frame of the state support for the leading scientific schools of Russia (НШ-4484.2018.6).

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