

PRESS RELEASE

Liberty Insurance launches campaign to tackle ‘ghost broking’ as research reveals 70% of motorists are unaware of the practice

Liberty calls on fellow insurers to encourage consumers to avail of Brokers Ireland’s new insurancebroker.ie website or the Central Bank of Ireland’s online register, if they need to search for a genuine insurance broker and calls on online platforms to verify the authenticity of advertisers selling insurance products to expose fraudsters

- **One in three motorists (32%) has not taken any steps to verify that their insurance broker is regulated**
- **Almost four in ten (39%) of those aware of the practice have been approached by fraudulent “ghost brokers”**
- **María Eugenia Mugeza, Claims and Operations Leader for Liberty Insurance in Europe, Liberty Insurance: “Ghost broking is a real issue that needs to be tackled, not just for consumers... but also for legitimate insurance providers and our trusted partners.”**

DUBLIN, 02 MARCH 2021

Seven in ten (70%) motor insurance customers in Ireland are unaware of ‘ghost broking’, the practice of fraudsters appearing as insurance brokers and selling forged or invalid insurance policies to unsuspecting consumers, according to new research by Liberty Insurance.

The research, conducted among 1,000 consumers by Core Research, was published as Liberty launches a new campaign with Brokers Ireland to raise awareness of ghost broking, which places Irish motorists at risk of insurance fraud and invalid insurance cover.

What is a ghost broker?

Ghost brokers are professional fraudsters who typically pretend to represent a legitimate insurer and sell forged documents to motorists, or falsify documentation provided to insurers to produce lower costs but invalid insurance premiums. In the event of a claim arising, these policies leave the motorist liable.

How to identify a ghost broker:

They may use social media groups or classified advertisements on sites used for individuals selling items. They may not have a business email and use their own e.g. Gmail/Hotmail account. They may only use a mobile number, as they have no business landline, or even use WhatsApp. They look for a large amount of cash up front as a ‘deposit’ without giving a receipt. They sometimes target consumers who may be vulnerable and unaware of how the insurance market works in Ireland, such as consumers for whom English is not their native language.

Among motorists who are aware of the practice, more than one in five (21%) are either unsure or unaware that policies purchased via ghost brokers may be invalid.

Almost four in ten (39%) have been directly approached by a ghost broker, either in person or via social media, and a further 3% know someone who has, according to Liberty’s research.

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Ghost brokers often target immigrant communities, who may be less aware of the operation of the insurance market in Ireland.

Legitimate Brokers

According to the survey, while more than four in ten (43%) consumers have searched for their broker online, almost one in three (32%) consumers has not taken any steps to verify that their insurance broker is fully regulated.

Liberty advises all motorists to always check the authenticity of any person or company selling or administering insurance policies. Customers can verify that their insurance broker is legitimate by checking on the Brokers Ireland website (<https://brokersireland.ie/>), which lists all of their member brokers, or the Central Bank of Ireland's online registers (<http://centralbank.ie>). In addition, Brokers Ireland has recently launched a new consumer facing website, insurancebroker.ie (<https://insurancebroker.ie/>) which has a useful search tool, which aids consumers by providing details of member insurance brokers in their locality. Using these tools motorists can engage with legitimate brokers and avail of their expertise and range of choice, with complete peace of mind.

Liberty calls on other motor insurance providers in Ireland to support this campaign, and to encourage their customers to always verify the legitimacy of any person or company selling or administering insurance policies.

Call for online platforms to step up

As part of this campaign, Liberty is also calling on online platforms to verify that any person or company advertising insurance policies on their websites is legitimate.

With almost one in five (19%) of those aware of the practice claiming to have been approached by ghost brokers via social media, these platforms have an important role to play in ensuring that consumers are protected from fraud. While caution should be used on social platforms, Liberty recognises the pro-broker and-consumer potential of technology, for example its recent investment of €100 million to create a new model of operating insurance through a digital ecosystem on Amazon's public cloud API that will allow it to offer simple, modular products to customers.

Speaking at the launch of Liberty's ghost broking campaign, María Eugenia Mugeza, Claims and Operations Leader for Liberty Insurance in Europe, said:

"At Liberty we live by our value of "Putting People First" and so we have been an advocate for tackling the problem of ghost broking in Ireland since we first drew attention to the issue in 2017. Ghost broking is a form of insurance fraud, and it potentially exposes motorists to invalid insurance cover and significant financial cost.

"Given 70% of motorists are unaware of the practice, it highlights the urgency of this awareness campaign. We would urge customers to only purchase insurance policies from brokers they can verify. At all times, customers can search for a genuine local Insurance Broker on insurancebroker.ie or verify the authenticity of anyone selling insurance policies on the Central Bank of Ireland Registry to ensure they are a regulated provider.

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“Ghost broking is a real issue that needs to be tackled for the sake of consumers, of whom almost 40% of those aware of the practice report having been approached, and for legitimate insurance providers and brokers.

“This is why Liberty is calling on our fellow insurance providers and online platforms such as social media companies in Ireland to support this consumer awareness campaign to ensure customers are educated on the practice of ghost broking and how to avoid falling victim to it.

“We share the government’s goal of bringing greater transparency to the insurance market. Tackling ghost broking is a key part of this effort, and we welcome the work of government and law enforcement officials to crack down on the practice, for the benefit of insurers, legitimate brokers in our trusted network and, most importantly, consumers.”

Cathie Shannon, Director of General Insurance at Brokers Ireland, said:

“Brokers Ireland welcomes this consumer awareness initiative by Liberty Insurance. While conducting business over the web is now the norm, the web is also an easy marketplace for fraudsters. Consumers always need to be alert and this research shows that a large proportion of consumers don’t even know they need to have their guard up. We urge consumers to think twice before purchasing insurance from sources such as social media sites and carefully check any insurance documentation for accuracy.

The easiest and cost-free first step to locating a genuine Insurance Broker is to check insurancebroker.ie or the Brokers Ireland website brokersireland.ie. All our Brokers are listed there, and all are regulated by the Central Bank. Second, consumers can also check with the Central Bank, the website of which provides a search facility to enable consumers check whether the person or company purporting to sell insurance or administer policies is a regulated entity.”

Seán Fleming TD, Minister of State with responsibility for Insurance, said:

“I welcome this awareness campaign, and the initiative by Brokers Ireland to launch a new consumer facing website to help consumers find their local broker. This is a much-needed resource for consumers, not only to identify genuine brokers, but also to identify the types of insurance that brokers may provide. The Government’s Action Plan for Insurance Reform includes a number of actions to tackle fraud and to increase competition in the insurance sector.”

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Research note

Research commissioned by Liberty Insurance and carried out by Core Research as part of an online survey. 1,000 adults in Ireland from the age of 18 years old were interviewed as part of the nationally representative research between 23 September 2020 and 30 September 2020.

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Notes to the editor

About Liberty Insurance

Liberty Insurance provides car and home insurance to the Irish consumer market. The company has offices in both Cavan and Dublin. Liberty Insurance is part of the Liberty Mutual Insurance Group.

About Liberty Mutual Insurance

At Liberty Mutual, we believe progress happens when people feel secure. By providing protection for the unexpected and delivering it with care, we help people embrace today and confidently pursue tomorrow.

In business since 1912, and headquartered in Boston, today we are the sixth largest global property and casualty insurer based on 2019 gross written premium. We also rank 77th on the Fortune 100 list of largest corporations in the U.S. based on 2019 revenue. As of December 31, 2019, we had \$43.2 billion in annual consolidated revenue.

We employ over 45,000 people in 29 countries and economies around the world. We offer a wide range of insurance products and services, including personal automobile, homeowners, specialty lines, reinsurance, commercial multiple-peril, workers compensation, commercial automobile, general liability, surety, and commercial property.

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