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Crawford & Company UK alert insurers to a new property fraud threat

London – Crawford & Company UK has instructed its adjusters to be alert to potential fraud and arson from the rising numbers of unoccupied properties as their owners struggle to meet costly new regulations.

Global claims specialist Crawford has identified problems with landlords failing to meet a strict new grading system introduced via the Energy Act 2011, which mandates a minimum accepted level of energy efficiency of rented properties.

This Act is in response to the government's desire to reduce carbon dioxide omissions and make buildings more energy efficient. However, Paul Bowyer, Director of General Property, at Crawford suggests the legislation may have several unintended consequences which insurers should be very wary of when receiving claims on rented properties.

"It's clear that there will be more unoccupied properties where owners cannot afford to pay for necessary improvements," says Paul Bowyer. "As a result, we anticipate more staged escape of water / malicious damage claims and potentially an increase in arson claims where owners want to avoid required upgrades due to costs."

Insurers could begin to feel the pinch over the next five years as landlords effectively pass on their new energy efficiency bills. "Rebuilding costs are likely to increase between now and 2018, when the

full impact of requirements comes into force. It is likely that the larger property owners are alive to these changes, but the smaller buy-to-let companies and individuals are not and this is where we could see an increased number of claims,” adds Paul.

The key will be to accurately assess the potential impact on rebuilding costs in view of the pending legislation, says Paul. “Crawford UK estimates that well over 25% of properties in the UK would currently fail to meet the minimum requirements around energy efficiency and that costs to reach these levels will be significant. Therefore it is important we are alive to the potential impacts of this legislation, both in terms of cost of claims but also in respect of fraud considerations.”

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Notes to News Editor:

Based in Atlanta, Ga., Crawford & Company (www.crawfordandcompany.com) is the world's largest independent provider of claims management solutions to the risk management and insurance industry as well as self-insured entities, with an expansive global network serving clients in more than 70 countries. The Crawford System of Claims Solutions® offers comprehensive, integrated claims services, business process outsourcing and consulting services for major product lines including property and casualty claims management, workers compensation claims and medical management, and legal settlement administration. The Company's shares are traded on the NYSE under the symbols CRDA and CRDB.

