

PSSPF saves R6.2M in claims fraud

A funeral claims scam that syndicates have executed with the help of security firms' human resources officials to defraud the Private Security Sector Provident Fund (PSSPF) has been exposed.



The syndicate, operating mostly in Gauteng and KwaZulu-Natal, have roped in corrupt funeral parlour operators, and use fake documents to illegally claim death benefits from the fund.

The scam, which has been in operation for several years, has escalated to a point where the fund launched an investigation that led to the saving of R6.2 million from 228 fraudulent claims submitted, which were detected before payouts were made.

The PSSPF, which has over 300 000 members, has lost about R150 000 from several fraudulent claims submitted in the past six months, resulting in increased premiums to cushion the financial blows. A funeral claim paid out by the fund when a member passes on is R30 000.

The modus operandi of the scam is that HR officers would steal documents of a PSSPF policy and approach a security officer, who is also a member of the fund.

They would convince the guard to file a funeral claim for people unrelated to

them using the fake documents, with the expectation of a kick-back.

The documents include fake death certificates of the security officer's spouse or child issued by a funeral parlour. In most of the scams, the photo of the deceased is tampered with on both the ID and death certificates.

The security officer would get a guaranteed R10 000 and the rest would go to the member of the syndicate

In one incident, the funeral administrator, Bophelo Life Insurance, picked up that it had processed more than two claims made from a single ID number in one

day. That claim had to be blocked, and it formed part of the 228 that were detected.

The downside of this is that the real victims became legitimate owners of the policy whose documents were stolen and used in the scam, and the company cannot make two payments for a single claim.

The administrator has been with the fund since 2016 and has been targeted because people behind this scam believe that the fund is still new in the market and that they would just process every claim they receive.

The fund has since opened three cases involving 16 HR officials from prominent security companies in KwaZulu-Natal and Gauteng. No arrests have been made. It has been using roadshows to educate its members not to fall in the fraudulent trap as there will be consequences.

The fund processes about 250 funeral claims per month, and it has become headache to detect the fake ones. The fund is still in the process of counting the real losses over the years, before its contract with the current administrator existed.

The fund looks after the welfare of low-paid security officers by giving a range of benefits to members and their families that include retirement, disability, death and funeral cover.

The fund recently had to deal with a scandal when over 1 000 security companies illegally withheld some of the money paid by employees intended to be channelled to the fund for pension and retirement funds. It had to use the Pension Fund act to force the non-complying companies to release the fund, which amounted to R275m. ■



FUND CLAIMS PAID TO PSSPF MEMBERS

IMPORTANT: MEMBER NOTICE

Fsca's Intention To Place The Private Security Sector Provident Fund Under Curatorship

Members of the Private Security Sector Provident Fund are advised that the PSSPF's Board of Trustees has resolved to oppose the Financial Sector Conduct Authority's (FCSA) bid to place the fund under curatorship.

The matter is also opposed by most of the private security sector unions who share the same view with the Board that the members will be worst affected if the fund goes under curatorship.

Although there is a legal process in place, the PSSPF will welcome an engagement with the FCSA to resolve and clear up any uncertainties and conform to any regulatory requirements.

The Board wishes to reassure the members that their retirement savings are in good hands and that the fund is in good financial health.

Any further developments on this matter will be communicated accordingly to all members.

CONTACT THE FUND

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MONTH PAID	NUMBER OF CLAIMS PAID	NUMBER OF CLAIMS PAID OUT
2016/09	479	R4 451 005.57
2016/10	2 849	R29 833 491.77
2016/11	5 327	R67 945 059.61
2016/12	5 009	R82 371 783.31
2017/01	7 506	R98 843 639.77
2017/02	7 758	R109 642 487.01
2017/03	10 769	R163 184 184.49
2017/04	6 887	R93 357 836.84
2017/05	8 078	R110 804 103.65
2017/06	9 033	R109 282 687.73
2017/07	4 237	R55 635 167.14
2017/08	6 699	R87 549 761.84
2017/09	7 064	R100 870 738.48
2017/10	7 178	R92 946 528.58
2017/11	8 814	R108 383 236.81
2017/12	5 693	R71 258 918.61
2018/01	7 869	R94 927 433.42
2018/02	6 910	R89 021 866.48
2018/03	4 452	R56 055 790.09
2018/04	5 707	R88 692 847.04
2018/05	3 840	R56 404 563.51
2018/06	2 137	R36 010 344.58
2018/07	4 868	R85 393 941.81

Total amount of claims paid from September 2016 to July 2018

R 1 892 867 418,14

Total number of claims paid from September 2016 to July 2018

R139 163

PSSPF OFFICES

Operating Hours: Monday to Friday from 08h00-17h00.

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