



SMI FRAUD POLICY

SMI is committed to protecting its policyholders by controlling the cost of fraud in every aspect of our organization's business activities.

While most insurance claims are legitimate, industry statistics suggest 10-15% of claims may be false or contain some questionable element, it is appropriate and necessary for SMI and its representatives to identify suspicious claims. Claims involving a false or exaggerated element ultimately increases the cost of insurance for all SMI's policyholders.

It is the adjusters and examiners obligation to report any suspicion of fraud to SMI. SMI's obligation to their policyholder is to thoroughly investigate and assess any substantiated element of fraud in any of its claims.

When an element of fraud has been suspected or established, the circumstances are to be reported immediately in writing to SMI. The adjuster is required to retain an independent investigation service to conduct an investigation. The results of SMI's joint investigation with the independent investigator will be evaluated by SMI who will make an informed decision as to what further action will be taken. The investigation will generally involve discussions with the local police authorities. Further action may include the re-underwriting of the risk and police involvement.

As a victim of fraud or attempted fraud, SMI will be guided by the recommendations of independent investigation services and police authorities. Claims involving an element of fraud will be reviewed individually and judged on their own merit.

Investigations which include a substantiated element of fraud will result in the independent investigation service, on behalf of SMI, reporting the suspected crime to appropriate authorities. Whether charges are laid will be a determination made by a complete review of all facts along with the advice of the independent investigator, police and possibly the Crown Prosecutors office.

Out of obligation to our policyholders and society, SMI takes a zero tolerance position on insurance fraud.