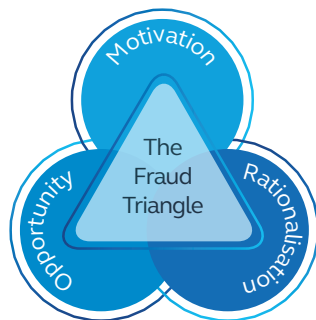




Combatting Fraud in Insurance Claims

The latest insurance fraud figures show that last year insurers detected 89,000 dishonest insurance claims valued at £1 billion.¹ During that year, property insurance fraud fell to 18,000 from 24,000 the previous year, but their value rose 9% to £124 million. The number of liability insurance frauds were down 10%, to 12,978.

With an increase in time and cost pressures, along with a market-wide skills gap, insurers have increased the automation of claims handling. Professional fraudsters are continually on the lookout for insurers with less effective fraud prevention barriers. Current global issues of an energy crisis, inflation increases and cost-of-living rises, can provide the motivation to commit fraud. So how can we combat modern fraud in insurance claims?



Fraud Detection

Fraud is a complex, multifaceted problem, and no single method can detect all fraud. Each fraud-detection method needs to be crafted to address a specific area. Different rules and indicators are needed for different types of policies and claims. Plus, fraudsters hide in multiple databases, so detection methods must search them all.

The modern insurance industry has many tools at its disposal to detect fraud. Videos, photos and even livestreaming can be used to document evidence at an

early stage and weed out the suspicious claims from the legitimate losses. It is difficult for the average person to fake a video at short notice, especially when the device's location access is turned on.

Staff Training

All staff involved in the handling of claims need to understand what fraud is, and the indicators. Most insurers implement 'risk indicator score cards' to aide in identifying fraud. It is beneficial to discuss fraud with staff in a positive and engaging way, with case studies and open forums, and experienced personnel to offer guidance. It is common to incentivise claims staff through Key Performance Indicators (KPIs), which target speed, progression, and customer satisfaction, as well as fraud referral through reward.

Opensource Data

It is generally regarded that for any information in the public domain (i.e. where no privacy settings have been compromised to access the data, such as using a 'friend request' to access a profile), is admissible as evidence, including:

- CCJs, insolvency, IVAs, poor credit performance for the individual/business, adverse trading history, poor financial performance, drop in accounts, decline of P&L for commercial accounts

- Linked addresses and related history
- Land Registry with evidence of legal ownership/entitlement
- Social networks for names, telephone numbers, email addresses and physical addresses associated with any party involved in the claim
- Search engine enquiries.

2.96 billion
monthly active
Facebook
users²

Basic Investigation Tools

Openly available tools can help easily review information, such as photographs, provided in support of a claim:

- Reverse image search (tineye.com) any image to see if it appears elsewhere online. This is used to check whether a photograph has been copied, or to corroborate that the image belongs to the supposed owner, such as uploaded to their Facebook, Instagram etc.
- Basic metadata checks show the metadata of an image or URL, to help determine the date, time and device on which a photograph was taken.
- Picture Information Extractor software provides advanced metadata analysis of an image, and can help to corroborate if it has been altered with Photoshop-type software.

Specialist Investigation Tools

To identify and confirm fraud, it is necessary for us to have a tool kit incorporating various databases for a broad spectrum of data, from a wealth of different sources. We have partnered with CreditSafe, to complete:

- Company searches
- Director searches
- Consumer searches
- Company performance monitoring
- Anti Money Laundering (AML) checks
- Politically Exposed Persons (PEP) checks

- Commercial and consumer bank account validation and verification.

Video and photographic evidence plays a vital role, with enhanced metadata analysis software to dissect the information behind the image. As well as the standard date, time and camera settings (focal length, exposure, flash activation), it can provide the model of device including firmware (helping to highlight if a device is 'up-to-date' to assist with the date and time evidence), GPS location and angle of image (X&Y axis from horizontal/vertical). This software allows forensic levels of analysis of video and photographic footage, ensuring reliability of data.

Our adjusters use the McLarens App technology to record interviews, plus transcription software to write notes. This aids our overall ability to read the interviewee. Advances in technology for investigations allows us to keep an interview subject in constant observation. For investigative interviewing, digital statement capture speeds up the overall process with immediate upload to our McLarens One claims handling system, where it can be shared to all relevant parties, including the interview subject for their own records.

As always, fraudsters will find more sophisticated ways to submit what they consider to be believable, or sufficient evidence to substantiate a claim. Our role is to continue validating all evidence available to us. As technology and the growing societal trend of recording life develops, so does the evidence available, you just have to know where to look for it.



Brendan Gillooly ACFS DipFSP
Head of Investigation

+44 (0)7771 524 716

brendan.gillooly@mcclarens.com

Find out more on Investigation:
mcclarens.com/expertise/claims-management/investigation

References

¹ ABI (2022) 'Own goals, cruise con, DIY vandalism - fall in insurance fraud good news for honest customers, but no room to go easy on the cheats says the ABI'. Available at: <https://www.abi.org.uk/news/news-articles/2022/08/own-goals-cruise-con-diy-vandalism--fall-in-insurance-fraud-good-news-for-honest-customers-but-no-room-to-go-easy-on-the-cheats-says-the-abi/> Accessed 8th February 2023

² Statista (2022) 'Number of monthly active Facebook users worldwide as of 3rd quarter 2022 (in millions)'. Available at: <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/> Accessed 8th February 2023