Insurance Claims Fraud

Evolving tactics used by fraudsters, the impact to the industry, and how to prevent fraudulent claims

Anthony Cox

P&C and Surplus Lines Product Manager

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Fraud - is it really that big of a deal?

In 2023, Americans lost a record $10 billion to scams & fraud.

Median phone loss per person $1,480

10% suspected fraud increase at Securian

Social Media led to a $1.4 billion loss

Does it really happen?

Did anyone participate in a pre-election poll?
- Phone call?
- Text?
- Email?

Important to Remain Diligent

As an industry, we all share the responsibility for security for our customers. It's not just about knowing what to do; it's about being ready to act.

Attackers often target employees as a point of entry.

It's important to create a solid security culture ensuring all understand how to protect your company from threats from crafty and evolving fraudsters.

Impact to our Customers

- Higher Premiums:
  Insurance claims fraud leads to higher premiums for policyholders, as insurance companies try to recoup their losses and maintain profitability.

- Reduced Coverage:
  Insurance claims fraud can also lead to reduced coverage for policyholders, as insurance companies tighten their underwriting standards and limit the types of claims they will pay.

- Declining Trust in the Insurance Industry

You protect customers from fraud by identifying red flags

Which of the following could be considered red flags?
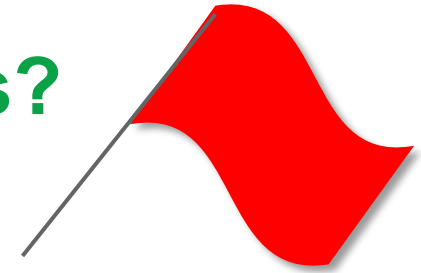
The caller uses inaccurate identifying information using 'she, we, they' instead of using 'my or I'.

A

The caller mispronounces their street address.

B

The voice on the phone doesn't fit the owner of the policy (caller sounds younger).
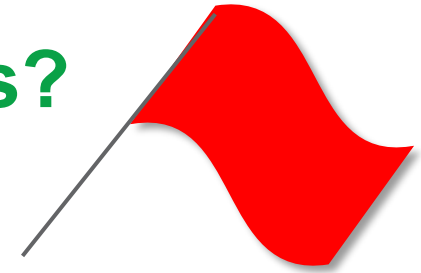
C

The caller doesn't know what type of policy they have at XYZ Insurance.

D

Which of the following could be considered red flags?

The customer seems nervous or anxious when discussing a transaction on their policy.

A

The customer calls everyday to take a loan on their policy.

B

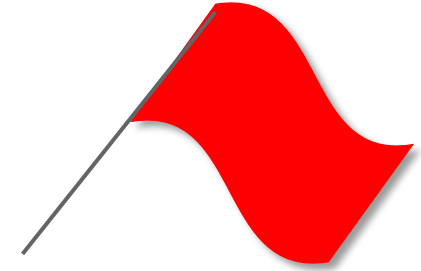**The owner gives their PO Box address instead of their mailing address during verification.**

C

The caller is overly aggressive and hesitant during verification.

D

Which of the following could be considered a red flag when handling a call with a vulnerable adult?

The owner can't remember their address during the verification process.

A

The family member attempts to surrender the policy without the parent (owner) on the phone.

B

The customer calls in with a family member on the phone asking for the value of the policy.

C

The customer calls in with a family member on the phone and family member won't let you identify the customer.

D

But, what about Artificial Intelligence used by fraudsters?

Could it really be this simple? Maybe…

Using knowledge-based questions can go a long way in fighting AI in today's environment.

What was the color of your first dog?

What was the breed of your first dog?

What was the color of your eyes when you were born?

Catch Me If You Can….

Data Analytics
Insurance companies can use data analytics to identify patterns of fraud and suspicious behavior, allowing them to take action to prevent fraudulent claims.

Fraud Detection Software
The use of fraud detection software can help insurance companies to quickly identify suspicious claims and take action to prevent fraud.

Increased Scrutiny of High-Risk Claims
Insurance companies can increase scrutiny of high-risk claims, such as those involving large sums of money or claims made soon after a policy is taken out, to prevent fraud.
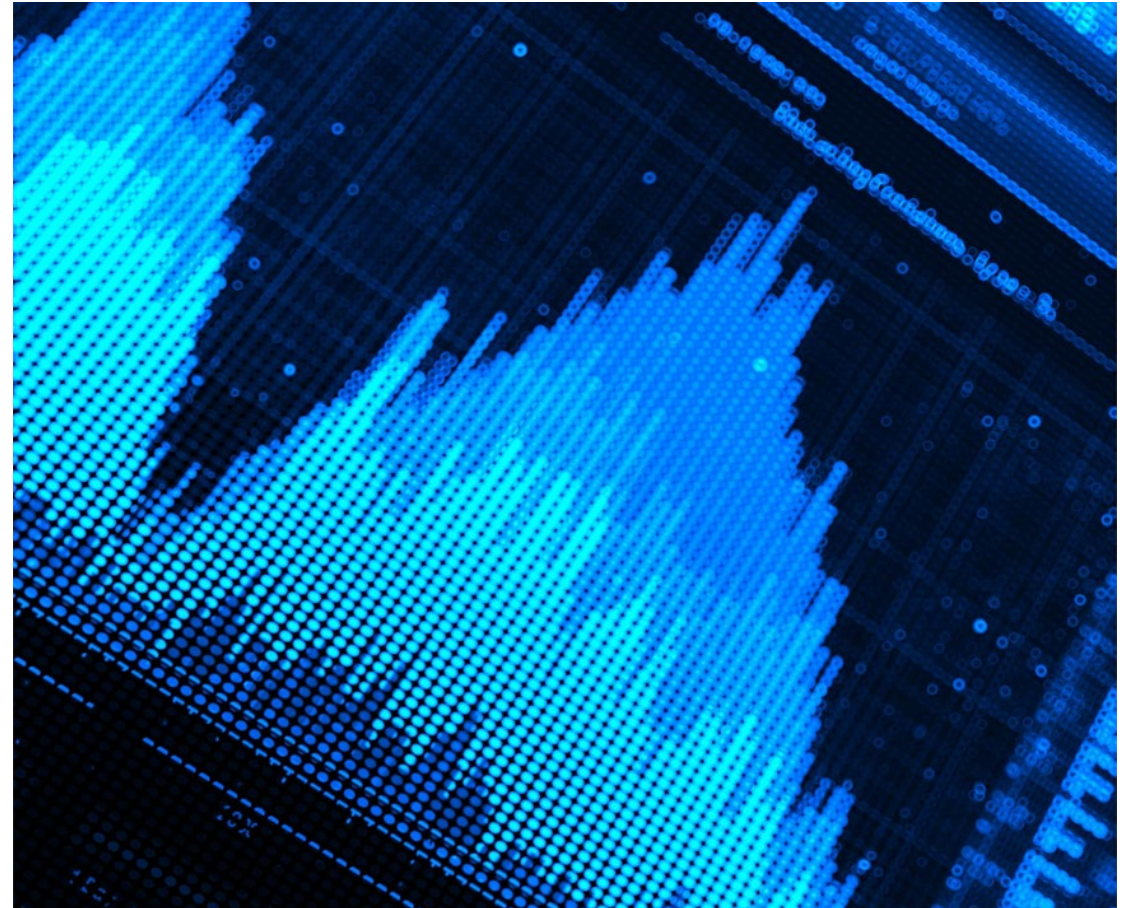
Fraud Detection Software

Real-time Fraud Detection

Fraud detection software can help insurance companies identify potential fraud in real-time by analyzing claims data and flagging suspicious activity, thus enabling them to take action quickly and prevent losses.

AI and Machine Learning

Fraud detection software uses advanced technologies like AI and machine learning algorithms to analyze claims data and identify patterns of suspicious activity, even when the fraudsters are trying to hide their activity.

What can we do to play our part in preventing fraud?

Implement Anti-Fraud Policies
Implementing anti-fraud policies is an effective way to prevent claims fraud. These policies help ensure that all claims are legitimate and that fraudsters are identified and prosecuted.

Conduct Thorough Investigations
Conducting thorough investigations is another important measure to prevent claims fraud. This involves gathering evidence, interviewing witnesses, and working with law enforcement to prosecute fraudsters.

Provide Training and Education
Providing training and education to employees is another key strategy to prevent claims fraud. This helps employees identify red flags and suspicious behavior and teaches them how to properly document claims.

The fight continues….we are entrusted by our customers.

Questions?