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Motor Best Practices

A Central HUB for sharing Insurance
Fraud Data & Intelligence
June 2019

- Anti-fraud management
- Importance of data sharing and establishing a central repository of insurance claims data in fighting fraud
- Sedgwick's solution and proposal





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Why fraud occurs

Why fraud occurs

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01

Limited fraud management and detection solutions

02

Lack of cooperation between insurance companies (reluctant to share information)

03

Some insurers are indifferent and people tolerate insurance fraud

04

Low risk crime and legal priority

05

Insurance companies / systems are easy targets (huge and vulnerable):
(basic claims systems, unintegrated online sales channel, limited loss data captured, inaccurate data, policy exposure)



Fraud Management and Detection Solutions

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Fraud Management and Detection Solutions

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Industry Solutions

- Data Sharing: Full cooperation between insurance companies
- Technology: Database Organizations | Link Analysis Technology | Predictive Modelling
- Special Investigation Units (SIU)
- Customer Education
- Employee Training



Administrative Solutions

- Fraud Bureaus / Register
- Motor policy exposure
- Information sharing by official bodies
- Fraud plan / Special Investigation Unit (SIU) requirements

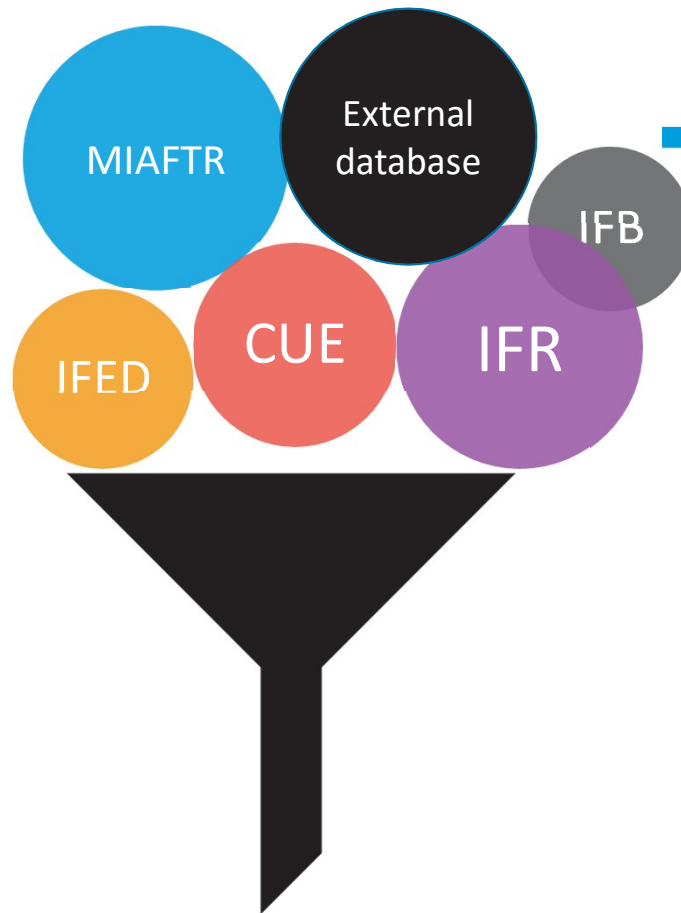


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In the UK



Data Sharing: UK Experience



Data sharing and mining is key to reducing fraud



Association of British Insurers
 Records the fraud data for the insurance industry and sponsors the Insurance Fraud Register (IFR)
 The voice of UK's World leading insurance and long-term savings industry
 Over 250 members / companies
 Non profit organization funded by members



Uses technology to identify suspected cross industry fraud
Runs the IFR
 Formed in 2006 - Non profit organisation funded members (mainly Insurance Companies)
 Access to industry wide data
 Manages Cheatline on behalf of the insurance industry – confidential fraud reporting service for members of the public

Since 2006, IFB have been assisted in intelligence that has resulted in:

1239 arrests | 532 prison years for organised fraudsters
628 convictions | 31,455 hours of community service



An industry-wide database of known insurance fraudsters
50% of the general insurance market now use the IFR
 It allows members to record policyholders, third parties, suppliers and professional enablers who can be shown to have acted fraudulently towards insurers
 Designed to protect honest customers, prevent and detect fraudsters and deter people from making fraudulent claims



IFED

Specialist police force dedicated to tackling insurance fraud
 Established in 2012 it is a Hosted by the City of London Police & Economical Crime Unit
 Funded by the ABI and Lloyds of London Members

Since 2012 IFED has convicted 441 insurance fraudsters leading to:

242 years in custodial sentences | 110 years in suspended sentences | 14,395 in community orders | Just over £142,000 in fines | A further 1,600 additional outcomes to include Police cautions | 142 financial orders with over £3M being forfeited by fraudsters

CUE

Claims and Underwriting Exchange
Automated system whereby Insurers upload their incidents and claims data to a central database
 Data on domestic claims, travel claims, motor claims and personal injury claims can be loaded
 Access to this database allows search against an address to check any claims that have been registered
 Used at inception of a policy or after a claim has been submitted
 Access to this database is granted only for insurers who upload their data

MIAFTR

Motor Insurance Anti-Fraud & Theft Register
MIAFTR is a fraud detection tool where insurers upload total loss data on vehicles
 Allows search against the name, address, VIN number and vehicle registration number
 Helps to trace and recover stolen vehicles



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Our solution

Sedgwick's fraud management solution

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We have a two-pronged approach in detecting and preventing fraud. Our initial process is our automated fraud detection system.

Every time a new claim is added to our system or an existing claim is updated, the system reviews the data and looks for matches or connections to information held on other claim files.

In fact, we have the means to mine and match data against 8 million claim records and over 1 million entities on our dedicated fraud database.



Sedgwick's fraud detection technology — SearchLink

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Every time a new claim is added to our system or an existing claim is updated, SearchLink reviews the data and looks for matches or connections to information within the data held in the system and fraud records we hold electronically.

We would work with our clients (insurers) to establish whether historical data held in their systems can be migrated into our system.

The system identifies the fraud risk on a claim by considering:

01

Data matching risks

Matching email addresses, mobile phone numbers, addresses, vehicle registration number, claimants, external dedicated fraud database

02

Rules based risks

Recent inception, loss before renewal, delay in notification, high value claims. A weight is assigned to each rule and risk score is determined based on the combination of rules.

03

Fraud intelligence risk matching

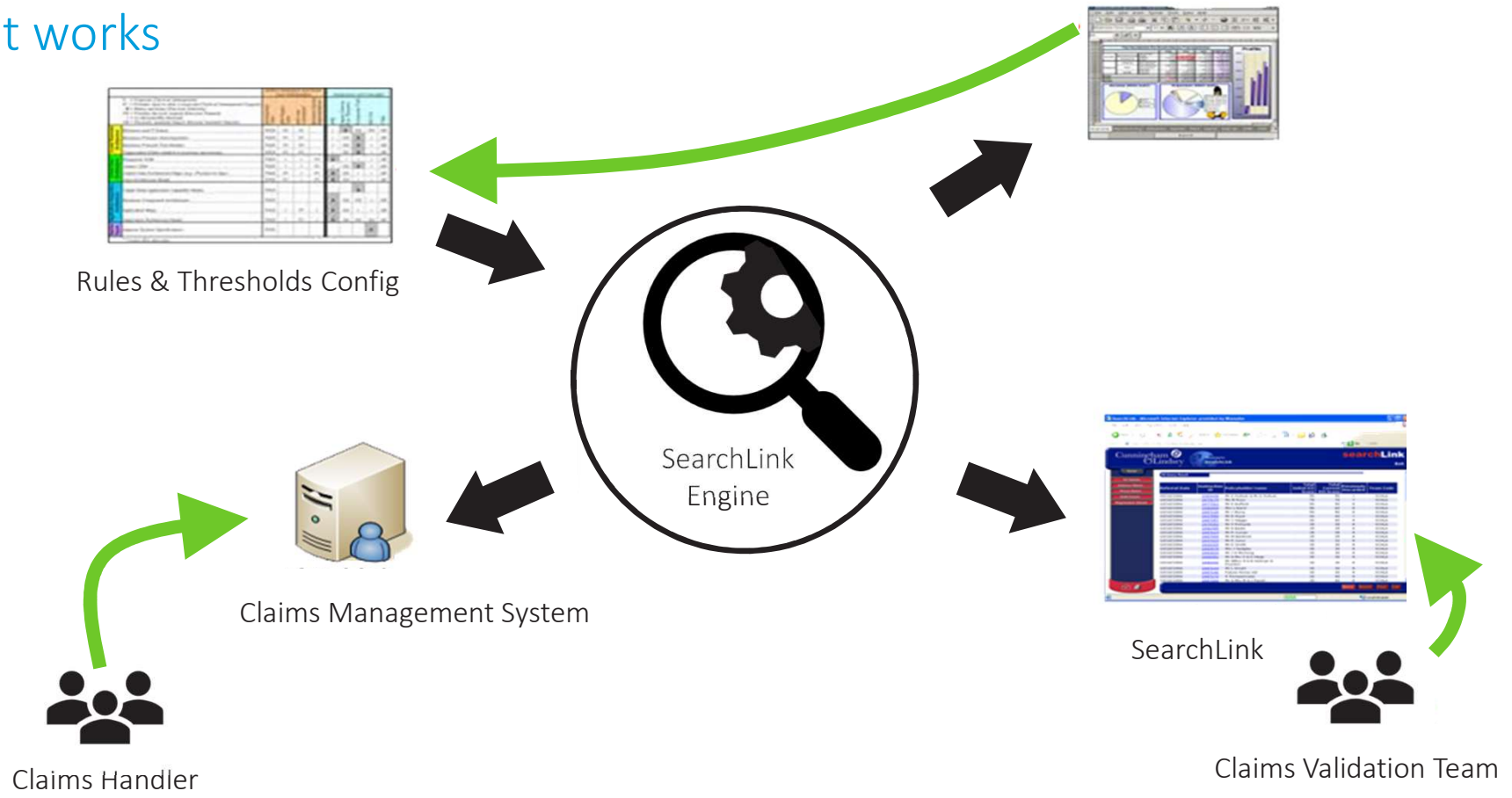
Connection to previous fraud investigation, representation or involvement of known claims management companies who are involved suspicious activities

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How it works

How it works



How it works

SearchLink

Date of Report : 10/05/2019 12:58

Current Score : 80 | 10/05/2019 12:58

Report Details

Data Source Key - i2 : i2 matches the show previous claims investigated at the same address

Reference	Type	Indicators
3899307	External Name	WHITE, BEN
3809279	External Name	WHITE, BEN
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mrs White
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mr Brown
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mrs Pink
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mr Brown
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mr White
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mr Black
2652948	Address	1 London Road, London, SW1 1AA Previously Investigated : Mr Grey

How it works

KII Review

SearchLink

Date of Report : 01/05/2019 10:26

Current Score	50	01/05/2019 10:26
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Report Details

Recent Inception: Policy Date : 21/11/2018 Loss Date : 01/05/2019

Referral History

This instruction has no referral history.

KII

+ Answer KII Questions

Completed Date	Completed By	Comment	Refer KII to CVT/SI
No items to display			

Close



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Our proposal

Sedgwick's proposal

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This system is reliant on the development of data from files as they are received in the applicable market.

Work closely with the Emirates Insurance Association and all local insurers to reach a market agreement around sharing the relevant data in the right format.

We would consider the potential addition of information from UAE's historical experience before fully deploying the SearchLink system or any other technology enabled solutions (i.e. Blockchain).

While it remains a new prospect without historical results in the UAE market, over the last 12 months with our UK clients we've saved GBP 47 million from detecting and investigating fraud. Of that GBP 7 million was from motor claims.

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Thank you