

# REDUCING FRAUD RISK IN INSURANCE FINANCIAL SERVICES - INSURANCE

## Business Priorities For Insurance

A guide to foster corporate innovation and digital transformation

The GrowthEnabler InFocus reports uniquely address the top priorities for technology leaders and their teams; by recommending potential solutions, in the context of business growth. Each business priority is broken down to point level/function-specific solutions that are further linked to technologies with a list of vendors. Business Solutions are sourced from GrowthEnabler Pii, our intelligence gateway to over 525K high growth tech companies. This report is designed to navigate the ever-changing technology landscape, and enable more informed and quicker decision making.



STEP GUIDE  
DOCUMENT



CREATED FOR THE :  
HEADS OF FRAUD & CLAIMS



READ TIME :  
10 MINUTES

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# How To Overcome Insurance Fraud Threat?

## AN INTRODUCTION

**Financial fraud and risk management continues to be amongst the top priorities for insurance companies and corporates. As the industry expands, Insurers will need to continuously reassess their processes and policies to manage and mitigate the risk of fraud. The most common types of frauds include exaggerating damages in car crash or adding up pre-existing damages in the claim, billing a high medical fee for standard procedures or for services never used, staging home fire, and enhancing storm damages. Fraudsters have become more resourceful with advanced understanding of fraud detection systems and are skilled to bypass these systems to look like genuine customers.**

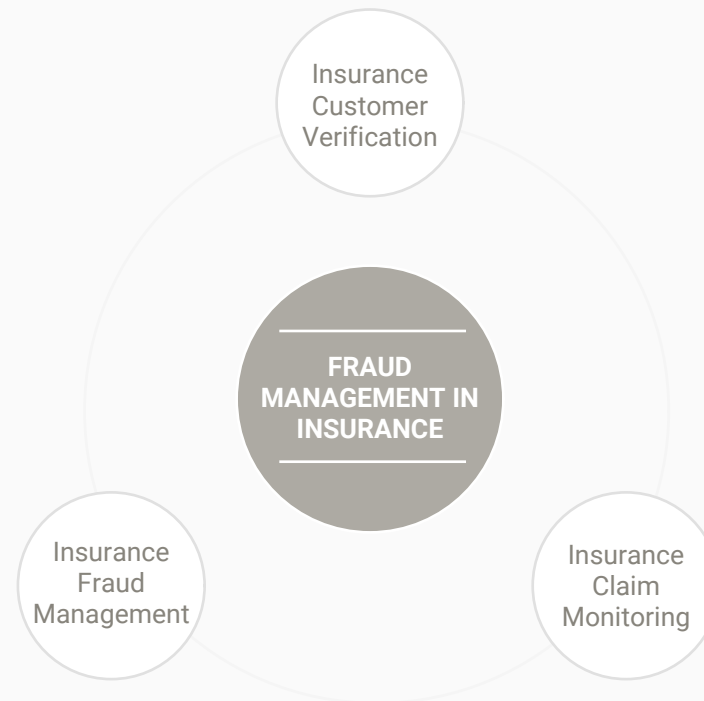
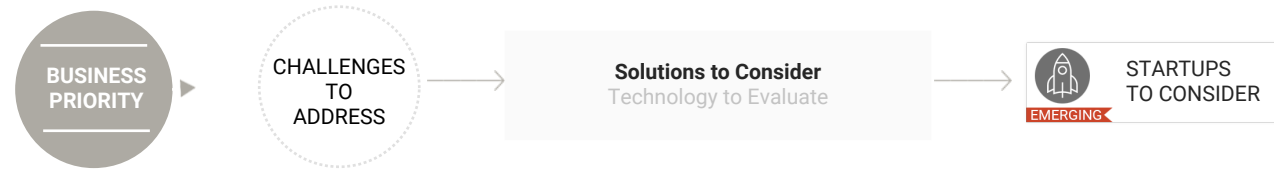
One of the leading priorities of the insurance industry today is to give customers access to self-service platforms and minimizing cycle-times in various processes. An increasing number of insurance companies are reducing onboarding time, eliminating paperwork in claims, and automating processes. Insurance company, Lemonade, created a buzz last year, by setting a new benchmark of settling claim in just 3 seconds. In these 3 seconds, Lemonade reviewed the claim, cross checked the policy and ran 18 anti-fraud algorithms. While the industry is heading towards digital transformation, the pursuit of a successful digital strategy needs firmly constructed fraud prevention systems at all levels. Customers interact with company using more than one channels, driving companies to strongly safeguard their processes against any fraudulent activities.

The tools in the market to counter frauds have enabled companies to employ varied tactics to detect and investigate a fraud, monitor a case and distinguish between a customer and a fraudster. Modern platforms are designed to check for any suspicious data starting right at the stage of customer onboarding, to premium collection and claim notification. The innovation in Regulation Technology has enabled companies to perform analysis on behaviour, social media network, customer identity and device identity to prevent and investigate fraud. AI and Advanced Analytics are being used to analyse past frauds and do predictive modelling to derive a probability of fraud. Combating fraud especially in the mobile era should be an exhaustive multi-layered process.

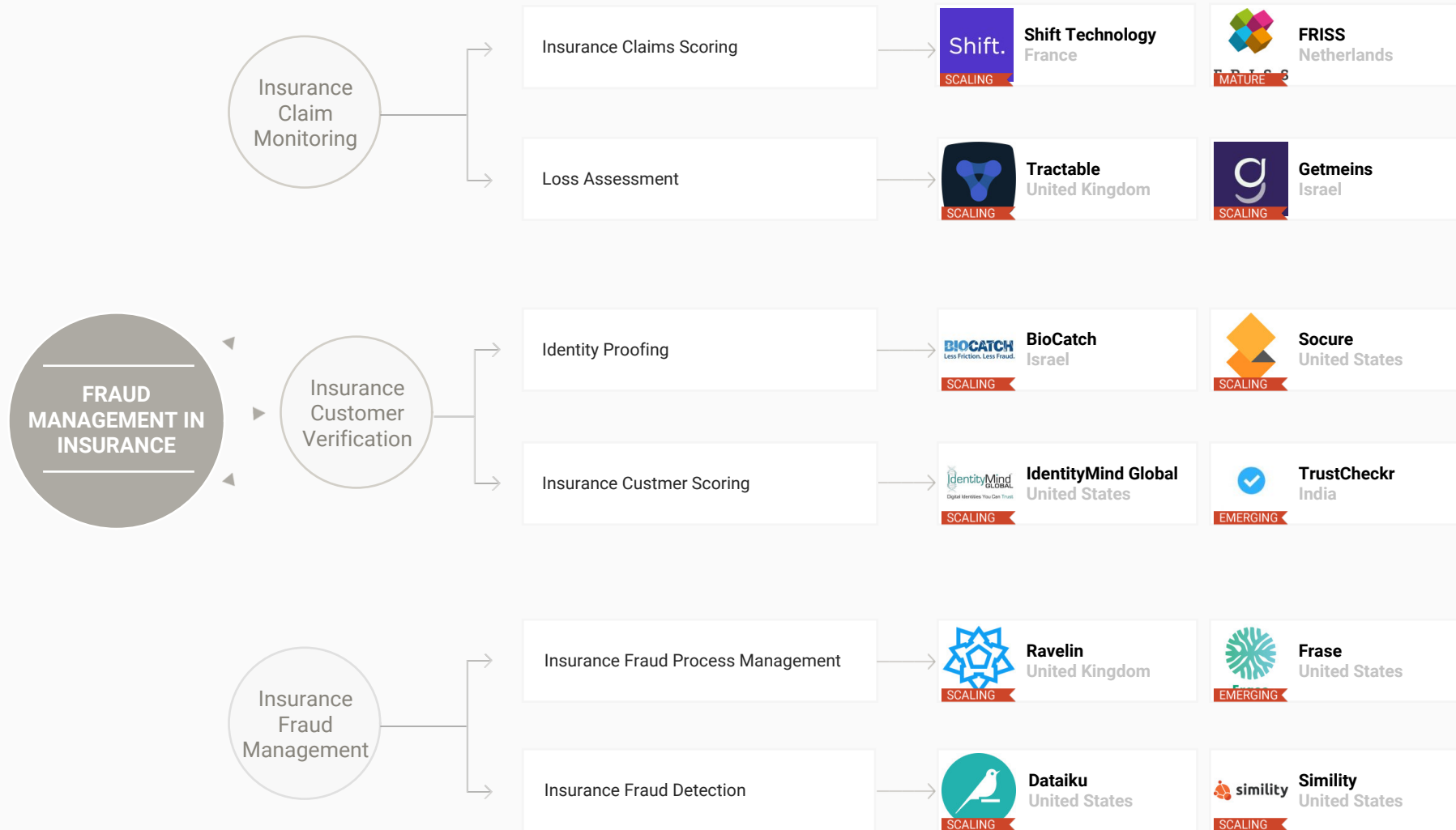
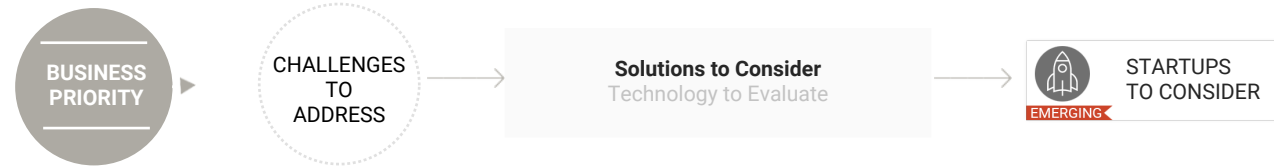
# REDUCING FRAUD RISK IN INSURANCE FINANCIAL SERVICES - INSURANCE

STEPS TO ACHIEVE BUSINESS PRIORITIES





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# RECOMMENDATION

Handling fraud manually is expensive for insurance companies. When digitization is on the rise, undetected data gives a lot of scope for foul play. Insurance companies should use a combination of technologies and tools to detect human and non-human threats.

- 1 Insurance companies should use detection technologies at multiple levels in insurance value chain to counter different types of fraud at all levels. Robust checks should be implemented starting at point of sale, extended to the entire life of policies (for any changes in the use and business of insured assets), to post-claim (for any claim detail leading to potential misrepresentation).
- 2 Insurers should use different AI and statistical technologies, such as predictive modelling, advanced analytics, pattern recognition, machine learning, etc., offered by multiple vendors to make the system full-proof. They require to employ more than one techniques eliminating all fraud possibilities, as fraudsters continue to become more organized, evasive and technologically advanced.
- 3 Insurance companies should consider risks factors and elements from different transaction devices. The fraud prevention system should be designed in a way to recognise the unique device and all its linked devices to connect it to current transaction, to identify any anomalies.

- 4 Insurance companies should register themselves with a consortium and data exchange services to share and obtain the fraudster individual profile and their devices. Companies like Iovation and Truioo operate networks of global partners for person and device authentication.
- 5 Companies should frequently review and revise their technologies, parameters and claim scores to stay at the same speed as fraudsters.
- 6 Insurance companies should partner with startups to create a concrete fraud management process. Startups, with strong focus on science, R&D, and innovation, bring more agility to mature corporations for upgrading their structures frequently.



# HOW TO WORK WITH STARTUPS ?

## FINANCIAL SERVICES

**Startups bring critical innovation, problem solving and the potential of entirely new markets to Corporates. Innovation is high on the CIO agenda today; however partnerships that drive this innovation are becoming harder to find. Creating real change by fighting against static bureaucracy is one such stumbling block in the success of startup-corporate collaboration.**

Corporates can run accelerators and invest/partner with small firms directly. Through this initiative, big firms can offer startups professional operation management, programming resources and core research facilities. Firms can collaborate with academic institutions, biotech firms and pharmaceutical companies on drug discovery throughout the clinical deployment process.

Large companies should look to nurture collaborations, where both the parties benefit - pharmaceutical companies receive the tech expertise of the startups while startups receive aid in their growth of business. One of the most effective way for a pharmaceutical company to benefit from digital innovations is to partner with multiple, compatible digital health startups, and to have these startups build innovative patient and provider facing digital health solutions.

# GROWTH ENABLER RESEARCH METHODOLOGY

## Proprietary Research

### INTRODUCTION

GrowthEnabler uses its proprietary research methodologies to analyse the business impact of disruptive technologies and digital innovations on the future growth of large corporations and their industries. GrowthEnabler applies its deep-data analysis tools, scoring logic and algorithms to create intelligence that enables senior executives to make informed business

### STARTUP TECHNOLOGY LANDSCAPE & ANALYSIS

The Startup eco-system is built using an exhaustive primary and secondary research analysis model, led by dedicated team of tech analysts and subject matter experts (SMEs), who

**Primary Research:** The Primary research data is sourced directly from GrowthEnabler Market Surveys, RFI's with Startups, One-on-One Interviews, Calls and Product briefings, including Startup and Client Registration Information available on the GrowthEnabler Pii platform

**Secondary Research:** A team of Machine Learning and NLP experts scan thousands of private and public data sources using data scraping and crawling methods to extract relevant secondary data, which is then validated and verified using GrowthEnabler automated data-cleansing methods, industry and technology segmentation taxonomies and

#### The major source of secondary research are:

1. Global Startup Websites
2. Data Aggregator
3. VC and Investor Portfolios
4. News Feeds
5. Industry Reports
6. Regional Company Registration Websites
7. Social Sources (Social Sites, Blogs, Articles, Media Sites)

**ANALYST VALIDATION:** A team of Analysts and Subject Matter Experts validate both the primary and secondary data while using internal peer reviews to substantiate core assumptions and data points, and external discussions with senior decision makers to assess business relevancy, timing and need

#### A total of 100 data-points and parameters are applied in analyzing and predicting the growth potential and health of a Startup, including:

1. Company Information
2. Leadership Team
3. Business Model
4. Financial Strength/Funding/Acquisition Data
5. Product & Innovation
6. Customer base
7. Social Media
8. Business Traction and Progress



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