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Role of operations team towards mitigating insurance frauds

How the operations team can work in cohesion with the frauds investigation to curtail frauds in the insurance industry

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General Insurance plays a critical role towards the growth of the society wherein it helps people who have incurred financial losses to recuperate faster. One of the factors, which acts as a deterrent here are frauds. Frauds in the insurance industry are getting sophisticated day by day, due to which the benefits of insurance are not reaching to genuine people. They not only drive up insurer's costs, but also lead to higher premiums for genuine customers. However, I believe that if they are tracked and identified in time, we can curb them to a certain extent. Here's where the cohesiveness between the operations team and fraud investigation team comes into picture.

Some of the most common fraud patterns are:

- Immediate claims after purchase of polices
- Claim registration after purchasing add-ons
- Claims from people who cannot be traced back with the addresses mentioned in the policy documents
- Claims where policies are bought in the name of the deceased person
- Claims towards the end of the policy period and with same hospital repeatedly

The list is endless and to execute such fraudulent claims people use:

- Forged documents
- Inflated expenses
- Misappropriating assets
- Pre-policy check report manipulation
- Non-disclosure of critical information at the time of buying policies
- False reasons for claiming the amount
- Staged accidents, etc.

While retail frauds are prevalent, the marine frauds come with bigger risks. Masterminds who chalk out such plans are: usually the agents, agencies and lawyers. The nexus is huge and in such scenarios investigation alone does not help, there is a need for reliable technology and standard operating procedure.

At Bajaj Allianz general insurance, operations team is responsible for collecting documents and evidence from major sources of information such as police stations, RTOs, hospitals etc. Operations team also collects information from wearables, telematics, video telematics and other digital sources.

Fraud types & usage of data

Fraud comes from all lines of businesses in insurance; they can be divided into two categories: criminal fraud and cultural frauds. Criminal frauds are usually executed by habitual professionals who try to exploit the system loopholes. Whereas, the cultural frauds are executed by genuine claimants who find opportunities and end up exaggerating claims. We analyze the past data and run a predictive modelling for future claims, quantitative and qualitative analysis of social media profile is something we look at.

While we talk about using high-end technology to gather data, it is also important to look at the cost associated with advancing data analytics to the organization. If the fraudulent claims are causing a significant damage to the bottom line, then segregation of Lines of Business (LOB's) and sticking to the one with higher stakes and investing in technology helps curb the damage. Operations team ensures the frauds do not lead to poor customer experience by abiding to the timelines and directives by IRDAI and the judiciary.

Motor and health claims

Frauds related to health and motor claims can also have triggers based on image recognition and voice recognition. For on-spot claims in retail motor claims, the algorithm analyses the pictures of the damaged vehicle and decides the disbursal amount to the claimant. However, if the images are fake, the algorithm still understands the fraud angle and a trigger is raised to the investigation team for further assessment. Voice analytics helps in understanding the fraud based on speech analytics. A few methodologies in identifying frauds involve reviewing past fraudulent calls, identifying keywords, customizing a fraudulent scorecard, and so on.

Marine insurance

There's usage of telematics devices that record the movement of vehicles with parameters like speed, RPM, fuel levels and internal combustion engine (ICE) data, etc. There are close to

74 parameters data points that come in handy to detect marine insurance frauds and are being widely used. These parameters help bifurcate between a fraudulent and a genuine claim.

Technology has been reshaping the fraud and investigation procedures in a big way. The insurance industry has always used some kind of data and analytics to reduce the risk, but using an equivalent tool to scale back fraud may be a relatively new practice. With abundance of data availability, alongside advances in technology that permits real-time insights, is allowing the industry to bridge the gaps and connect the dots faster and see a clearer picture of risk and loss potential. Thus, creating a strong front against fraudsters who are hampering the growth of the society and the industry.

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