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Insurers use analytics to detect fraud, cross-sell products

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Insurance companies are now using analytics, not only for fraud management but also for cross-selling of their products. These include on-boarding as well for bringing down fraudulent claims.

"At Reliance Nippon Life Insurance, we rely on propensity-based Analytics — for fraud management and post issuance risk assessment — to help selections of insurable life and curb anti-selection. It has helped us strengthen the underwriting guidelines and on-boarding process. We have been able to reduce programmed death claims — even dead man policy cases — by use of various modules in our analytics," said a spokesperson of Reliance Capital.

Under Section 45 of the Insurance Laws (Amendment) Act, no claim can be rejected after three years for any reason. This means the insurer has a three-year window to reject claims on grounds of any misstatement or fraud. Hence, this repository would help them weed out criminals before they are part of the insurance pool.

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Private life insurer IDBI Federal Life has internal models to detect fraudulent proposals based on past claim experience and frauds. The company is implementing data analytics solution to make these models more robust and completely automated. Further, they have also implemented Hunter Solution from Experian India. This is an industry level initiative coordinated by Life Insurance Council.

It is not automated, but manual as well. Tapan Singhel, managing director and chief executive officer, Bajaj Allianz General Insurance, said that they use a combination of automated and manual measures to curb frauds.

The company has developed an analytics model for health and motor claims, which brings to the fore certain claims that cross a set threshold or indicators.