

INSURANCE INSIGHTS

How can insurers evolve in the current pandemic?

Viewpoint from the IFB and ISM

Calm before the storm

In a recent edition of the Intelligence Download podcast, Chris Andrew, Director for Counter Fraud, SymphonyAI NetReveal, spoke to Ben Fletcher, Director of the Insurance Fraud Bureau (IFB) and Mahen Samiappan, CEO of Insurance Services Malaysia (ISM). They discussed how fraudsters are taking advantage of the current pandemic and how the insurance industry can learn and evolve. The following reflects their discussion...

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As we have witnessed before, there's typically an increase in fraud during economic crises. The COVID-19 pandemic has been no different. Fraudsters have exploited disruption in any way they can, so it's anticipated that the insurance industry will continue to be busier than ever.

You might imagine that with an 80% reduction in road traffic during lockdown, there would be fewer motor insurance claims.¹ That wasn't the case. We're seeing the same trends and patterns of behaviour carried out by fraudsters, but they are going one step further to exploit the current situation.

During the discussion, captured on the latest episode of Intelligence Download, Ben Fletcher referenced a particularly disconcerting example. "Last week we had a ghost broker (someone who sells fake motor insurance) arrested. They were actively targeting NHS and other key workers. This is an example of how ruthless these organised criminals are."

'Crash for cash' scams, in which fraudsters manufacture collisions to profit from insurance claims, are still going strong. The reduction in traffic hasn't affected the number of cases. In fact, if anything, having fewer people on the road has allowed criminals to be more brazen. One gang was recently marching people straight to a cashpoint to withdraw and hand over cash when they'd been involved in an accident.

At the end of April 2020, over 700 companies were registered with COVID or Corona in their title. It's not too much of a stretch to imagine that some of them will be companies seeking to support those make fraudulent claims in various situations.

¹ Statistics and examples in this write up reflect the podcast discussion.
For more information please listen to the podcast.

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New ways of working

Another trend explored in the podcast is the change to the way businesses worldwide are operating and the way people are working in the wake of COVID-19. Adapting to this “new normal” is likely to change the industry forever.

Although the ability to validate claims has been challenging for insurers, remote working offers many benefits. With access to the right systems, secure networks, and tools, parts of the claims process could be made easier. The way we investigate fraud is likely to change dramatically as a result of the pandemic. Remote working provides the opportunity for the insurance industry to tap into a greater pool of talent, regardless of where that is located.

On the other hand, a lot of thought will have to go into controlling and mitigating insider fraud, which becomes a potentially bigger risk with remote working.

Post-pandemic challenges

As we head into a recession, companies are already failing and laying people off. In times like these, even genuine firms might be tempted to exaggerate insurance claims. In the podcast, Mahen Samiappan suggested: “We’ll definitely see a higher number of staged accidents post-COVID-19. Service providers have had a loss of income for three months and will be looking, wherever possible, to exaggerate claims to recoup costs.”

Another emerging trend is the challenge insurers face from a reputation perspective. Most insurers won’t be paying out for the pandemic that we’re currently experiencing, yet have to do their best to keep customers happy.

And then there’s the huge emerging market in employers’ liability claims, due to the growing ‘compensation culture’ led by claims management companies offering “no win, no fee” compensation.

Fighting future fraud

We're in the midst of a critical period for the insurance industry. As Ben Fletcher highlighted: "In the past 10 years I've seen a huge change in the market. Insurance fraud in the UK was once perceived as a back-office claims issue, but now it's recognised as a broader financial crime."

To combat fraud, insurers need to invest heavily in:

- Obtaining good quality data as quickly as possible
- Employing the right technology to solve the problem
- Carrying out internal threat assessments
- Agile operating models that can respond to emerging patterns of fraud

With data protection and other laws, it's not always easy for insurance firms to share information. But everyone knows that the industry is stronger against organised crime when working together.

"I'm proud of the IFB and what we've achieved" Ben Fletcher commented. "The opportunities to engage with partners and other sectors will increase. We need to look at how we create data sharing across all insurance sectors, to improve how we work together."

And Mahen was encouraged by the opportunities for progress: "Our fraud detection project isn't as mature as the IFB – we still have a long way to go. We will encourage insurers to use existing data and to carry out desktop investigations. And there is always an opportunity to improve data and analytics."

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more about our range of insurance fraud
and financial crime management solutions

Meet the experts:



Ben Fletcher,
Director of the Insurance
Fraud Bureau (IFB)

Ben has worked in the industry for nearly 25 years, helping insurers to set up a number of counterfraud teams, before joining the Insurance Fraud Bureau when it was created in 2006. The IFB was originally set up as a project which pooled all industry data to see the patterns and trends in organised insurance fraud.



Mahen Samiappan,
CEO of Insurance
Services Malaysia (ISM)

Mahen comes from an analytics and underwriting background. For the past nine years, he has specialised in generating fraud detection insights for ISM. Although ISM was set up broadly to collect and analyse data to assist insurers in benchmarking, product pricing and other lines of business, it has now moved into using analytics for fraud detection.



Chris Andrew,
CII, Director for Counter
Fraud, SymphonyAI NetReveal

With experience working with insurers across the globe, Chris is a well-recognised strategist in the insurance counter-fraud and financial crime space. Chris helps customers to detect more fraud faster, and works to align their ever-changing challenges to the operationalisation of people, process and technology. Chris has 28+ years' experience in financial crime and fraud strategy, management and consulting, including nine years of police service and two years with what is now the National Crime Agency.

About SymphonyAI NetReveal

SymphonyAI NetReveal, part of the SymphonyAI finance vertical, is a global leader in regulatory compliance, fraud and financial crime detection, investigation, and reporting. The 750 SymphonyAI NetReveal digital, AI, and data experts work collaboratively with financial institutions across the globe to detect and prevent financial crime and optimize risk management operations.

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