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DATA-DRIVEN DETECTION FOR LIFE INSURANC

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Executive Summary The third in a series on fraud, this latest article from Reinsurance Group RI $PHULFD H[DPLQHV WKH IXWXUH RI and how predictive analytics can play a role in protecting insurers and consumers. Hear about how leveraging the latest technologies can provide a strong defense against fraud. Integrating machine learning, predictive analytics and the newest data mining tools into fraud detection efforts is already strengthening fraud detection and mitigation capabilities for early adopters.

Preventing insurance fraud will never be easy, and establishing fraud safeguards, no matter how sophisticated, does not mean your company is fully protected. 9LJLODQFH PXVW EH SDUDPRXQW DQG FRQVXPHUV DJUHH According to statistics from the Coalition Against ,QVXUDQFH)UDXG PRVW FRQVXPHUV WKLQN LQVXUDQFH companies should do a better job informing people DERXW WKH FRVW RI IUDXG YHULI\ LQIRUPDWLRQ PRUH FDUHIXOO\ LQYHVWLJDWH FODLPV PRUH ULJ-RURXVO\ SURVHFXWH PRUH FDVHV RI VXVSHFWHG IUDXG DQG UHTXLUH PRUH GRFXPHQWDWLRQ Generally speaking, consumers expect insurance companies to have appropriate safeguards in place WR SUHYHQW IUDXG :H KDYH DQ REOLJDWLRQ DQG LQ WKH majority of states in the US, a legal requirement to do exactly that.

Current State

Many insurers already have anti-fraud units in place, DQG WKHVH XQLWV QHHG WR EH HYHQ PRUH SURDFWLYH DJDLQVW IUDXG UDWKHU WKDQ UHDFWLYH HIIRUWV 6WUDWHJLHV VXFK DV IRVWHULQJ D]HUR WROHUDQFH culture for fraud and providing anti-fraud training to employees and agents can also be effective means to identify fraud, both before and after it comes on the books, and mitigate its potential impact. For fraud prevention, underwriters and other teams can play YHU\ LPSRUWDQW UROHV ,W LV LPSRUWDQW WKDW WKH RUJDQL]D-tion delivers a clear message to employees that it is everyone's responsibility for anti-fraud.

Additionally, more frequent reporting and prosecu-WLRQ RI IUDXG FRXOG PDNH D VLJQLILFDQW 5*\$ *OREDO &ODLPV)UDXG 6XUYH\ LQGLFDWHV WKDW RI LGHQWL¿HG LQVXUDQFH IUDXG Fraudsters are aware that insurers are reluctant to prosecute, due to both the high cost of litigation and WKH XQFHUWDLQ RXWFRPHV 2Q WKH RWKHU KDQG make it their business to know which companies have strong fraud teams and are most likely to prosecute. Even though it is expensive, making prosecution a credible threat may ultimately serve as a deterrent.

Beyond these current safeguards, as the insurance industry evolves and adapts, it is important for insur-HUV WR UHYLVLW WKHLU SUDFWLFHV RQ DQ RQJRLQJ EDVLV to prepare for the fraud of the future.

Explore New Avenues

,QVXUDQFH FRPSDQLHV DUH ZRUNLQJ YHORS WHFKQRORJ\ WR HQKDQFH WKH all the while fraudsters are looking for ways to exploit these systems. As criminals seek to take advantage of new vulnerabilities among insurance companies, experts within the industry are working to identify innovative tools and approaches for detecting and preventing fraud.

Leveraging the latest technologies can provide a VWURQJ GHIHQVH DJDLQVW IUDXG ,Q learning, predictive analytics and the newest data PLQLQJ WRROV DV ZHOO DV GDWD VF detection efforts is already strengthening fraud detection and mitigation capabilities for early adopters. Although the proprietary fraud/fraudster databases