



The fight against fraud...



ACTIONABLE INTELLIGENCE - A SIGNIFICANT WEAPON IN THE FIGHT AGAINST FRAUD

The use of data analytics by insurers has proved its benefits time and time again.

However, those analytics can only do so much. They are a great way of filtering the data and highlighting what could possibly be a fraudulent activity.

What Actionable Intelligence does is find the links between seemingly disparate pieces of information to create a clearer picture of whether there is a fraudulent act being committed.

FRAUD – INCREASING ACROSS SECTORS

As the insurance industry is well aware, the cost of fraud continues to rise and is seen across the public, private and charity sectors.

The overall impact of fraud in 2012 – 2013 was £52 billion, made up of: £21 billion in the Public Sector, the same figure £21 billion in the private sector and £10 billion down to individuals. Charity fraud also cost £147.3 million, which equates to 17% of lottery funds.

For insurers the current key sectors which have seen a rise in fraud have been the life, home and motor insurance markets. It is a sad fact that hard crime is falling but fraud is increasing, and it is clear that not every fraud is identified so the figures have to be viewed as an underestimation of the true costs.

Worryingly, we have seen a rise in cases involving Ghost Brokers, where a fraudster sets up a bogus company and looks to sell non-existent policies. In one recent case, two men set up four websites selling motor insurance and conned 600 people out of £680,000 before they were caught, with both men being handed prison sentences.

E-FRAUD ON THE RISE

We are also seeing a rising number of e-mail accounts being hijacked. Fraudsters commonly use the hijacked email account to send requests to the accounts mailing list, purporting to be from the person whose e-mail it is and asking for financial assistance to fund their return to the UK or pay their hotel bill after having allegedly been robbed during a hastily planned holiday. Since the political problems in Ukraine began, fraudsters have often been seen to use Kiev as their holiday or visit destination.

ACTIONABLE INTELLIGENCE TO THE RESCUE

Actionable Intelligence can be used to identify these and more complex frauds, but what is it?

It is information that is:

- Relevant to your purpose
- Accurate
- From reliable sources
- And, most importantly, timely: by that we mean that speed has a quality of its own and timing remains vital to both deterrence and prevention

The volume of information which is legally available to you to check the validity of those you are dealing with continues to grow, with the internet proving to be a mine of information and an asset which allows you to run checks on the areas where you have suspicions. However, in some ways there is too much information and that is where the use of Actionable Intelligence comes in.

WHAT YOU NEED TO DO

Once you have the information the first thing you need to do is work out what you need to know, why you need to know it and how that can help you.

You need to collate and investigate the information to see if there are links which may have not been seen in isolation but together can highlight whether there is any fraud taking place. If so, further investigation needs to be carried out and if the intelligence proves there is fraud it should be passed onto the relevant agency.

What is clear is that you need to make sure that those who are thinking of committing fraud not only know that you actively investigate any activity which is out of the ordinary, but, in many ways more importantly, know that you have a zero tolerance policy and you will prosecute those who have tried to defraud you.

As fraud continues to increase it is clear you need prevention rather than a cure and robust deterrence is vital for any strategy to be effective. However, the use of Actionable Intelligence is also required. It can make a real difference and firms such as Armour Intelligence will use it to help you win the fight against fraud.

By David Montgomery BA, MPhil, C.E.O.

Fraud cost between 2012-2013

£52 Billion