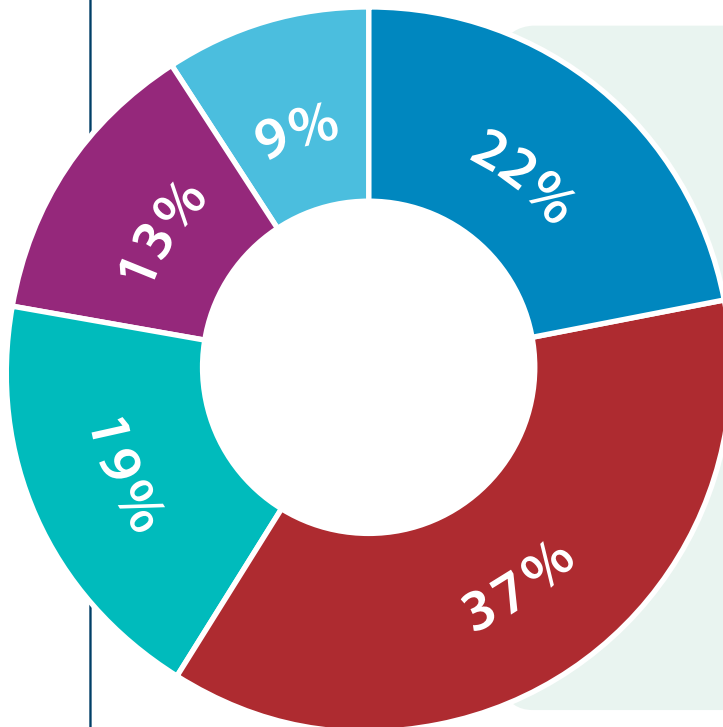


Insurance Fraud under the Microscope: Survey Results

Insurance fraud is certainly an issue on the table for most industry executives. The insight comes from a survey conducted by FC Business Intelligence in advance of the **Insurance Fraud Europe Summit, (5-6 October 2015, London)** of 100 insurance professionals. Over half (54.3%) in fact stated that “Fraud is the single greatest threat to the insurance industry today”.



How far has your company come to fighting fraud before the claim?



Success - we are already tackling fraud before the claim

Good - we are moderately good at fighting fraud outside of claims

Satisfactory - we are trying to respond but have not yet really been successful

Preparing - we are in the planning phase and are looking to roll this out

Not there yet - we have not yet begun to consider fighting fraud

“

The FBI reported in late 2014 that insurance fraud created a loss of around \$30bn a year in the US. In the motor insurance industry for example, much of the fraud activity comes from 'cash for crash' incidents and personal injury accounting for half of that again. It is clearly in insurers' interests to combat fraud wherever it occurs but, ideally, being able to identify potential incidents before the claim stage. In the survey, nearly two thirds of respondents felt they were at least good or successful at tackling fraud before the claim (21.7% and 37% respectively) with a further fifth (19.6%) stating that their activities were satisfactory, insofar as they had tried to respond but as yet were not wholly successful.

”

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Conference & Networking Event
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Drive Forward Tactics to Win the War on Fraud: Master Innovative Approaches to Data, Technology, and Industry Collaborations

For more information, please visit:
www.fc-bi.com/insurancefraudeu

How important is fraud detection and prevention within your organisation's priorities?

Most important priority for the future



One of a number of key projects



Important, but there are more pressing projects



Low priority



“ Organisations responding, but gradually ”

Insurance fraud is certainly not flying under the radar in the majority of institutions. Most respondents to the survey stated that insurance fraud was one of a number of key projects within their organisation's priorities (67.4%) however only a little over 10% (10.9%) stated that it was their most important priority for the future. Nearly a fifth of respondents stated that they had more pressing projects.

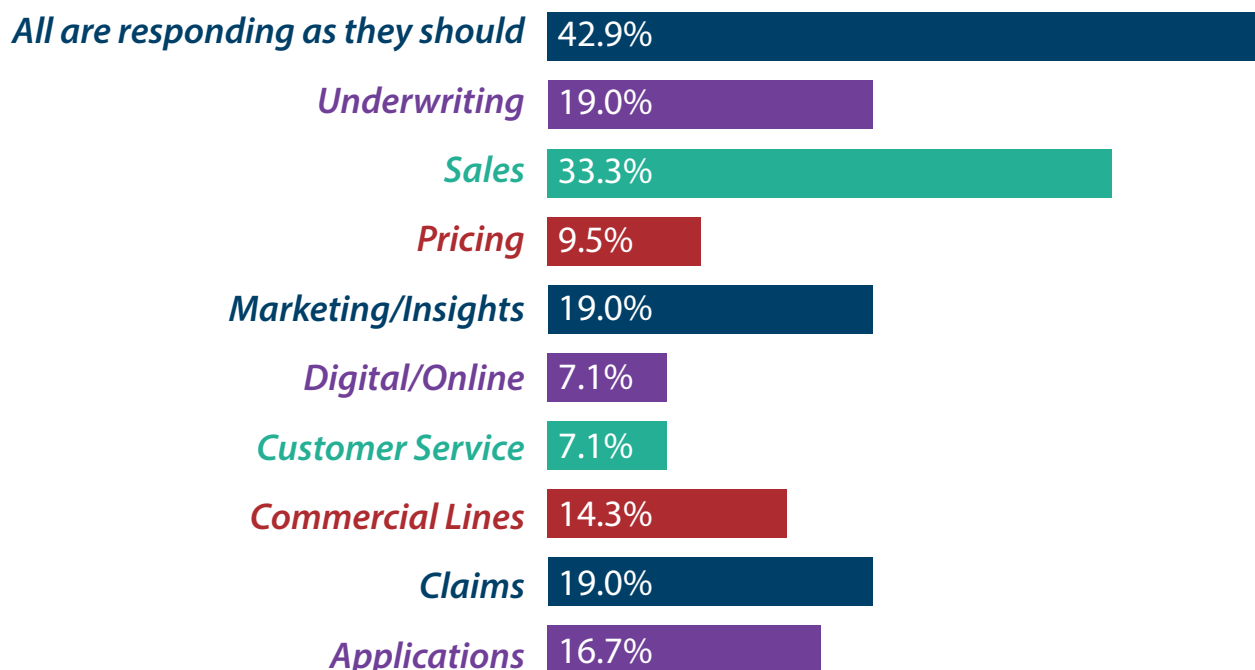
There still seems to be some work to be done to get insurance firms to stand strong behind the fight against fraud. Conclusions arising from our survey would suggest that not all departments are working together to address the problem. Overall, 42.9% of respondents stated that all areas of the business were responding as they should but across the board a significant minority felt each department had more work to do. Significantly, a third of respondents felt that the sales function should be engaged in fighting fraud but wasn't yet.

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Are there areas of your business that should be engaged in fighting fraud but aren't? (Tick all that apply)



Keeping up with developments is a challenge

With data being the hot topic across all business functions at the moment, it comes as no surprise that internal data quality is cited as the biggest challenge for executives in responding effectively to fraud in their organisation. With a third of respondents citing this as their top issue (32.6%) a further quarter of respondents stated that undetected fraud was of greatest concern. This is reflected in the slightly higher number of executives (28.3%) who stated that keeping up with modern fraudster tactics was their biggest challenge. New techniques to resist potential crime are going under the radar, which is always going to prove problematic as insurers struggle to keep up with changing criminal behaviours.



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What are the biggest challenges in effectively responding to fraud in your organisation? (Choose top 3)

“

Interestingly, despite up-to-date data and new criminal tactics being of greatest concern, executives feel the highest degree of threat is still coming from staged accidents. In an era of on-board telematics and dashcams this may reduce in the future; however, 16.3% of respondents still felt this was their biggest target. Data theft and application fraud were the second and third biggest threats respectively, highlighting the challenges faced in a new digital-first insurance economy.

”

Problems with internal data quality **11%**

Issues with data protection and privacy **6%**

Inadequate access to external data **8%**

Undetected fraud in your organisation **9%**

Inability to collaborate with external parties **4%**

Overcoming a siloed organisational mentality **5%**

Insufficient investment from your organisation **6%**

Applying fraud controls to overall strategy **8%**

Out-dated internal fraud response systems **3%**

Lack of standardisation in dealing with fraud **9%**

Letting fraud slip by in the front lines **6%**

Overcoming the issues of false positives **7%**

Over complication with legal procedures **4%**

Keeping up with modern fraudster tactics **10%**

Finding suitable talent for your team **6%**

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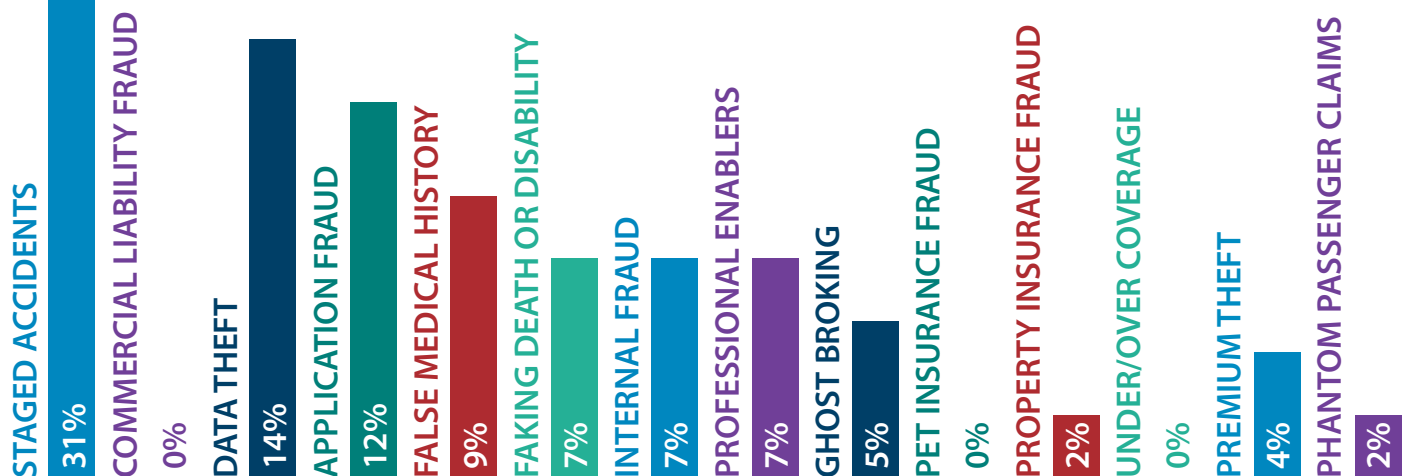
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What type of fraud do you feel poses the highest degree of threat to the insurance industry?



Criminals hiding behind data

If staged accidents remain the greatest threat, they are not considered as likely to go undetected with 17.9% of respondents stating this, versus the third of executives surveyed who felt that application fraud was the hardest to trace. Again, this could well be a symptom of the digital age where information is easier to manipulate in the absence of face to face contact. In addition, the respondents' wariness over data quality and availability as seen in question three is no doubt contributing to this issue.



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What type of fraud do you think is going undetected in your organisation? (tick all that apply)



“

With only a little over 10% of executives stating that fighting fraud was their most important priority for the future, it is unsurprising to note that fewer than this plan to increase their investment dramatically in this area (8.7%). Half of those surveyed expected to increase their investment slightly, chiming with the two thirds plus of executives who stated in Q1 that it formed part of a portfolio of key priorities within their organisation. Encouragingly, no-one stated that they were seeking to reduce their investment.

”

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In the next 12 months, will your company's investment in to prevention and response to fraud...

... **INCREASE DRAMATICALLY** 9%

... **INCREASE SLIGHTLY** 41%

... **STAY THE SAME** 50%

... **DECREASE** (0%)

“

FC Business Intelligence's Insurance Fraud Survey 2015 clearly reveals that insurers do have fraud on their radar but raises the question: Are they doing enough? Instead of viewing the situation as \$30bn lost to fraudsters annually, this should instead be seen as \$30bn profit insurers are missing out on. Spending money on marketing, operations and product development while not engaging in combatting fraud is an opportunity cost insurers cannot afford.

”

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INSURANCE FRAUD EU

Conference & Exhibition: 5 & 6 October 2015, London
www.fc-bi.com/insurancefraudeu

The purpose of this survey was to develop thoughts and ideas in the run up to the conference. We are looking to build our intelligence in the area of Insurance Fraud in Europe and support the community of people who face challenges in this area.

Insurance Fraud EU has been created for the community by the community with research spanning over 6 months and an anticipated audience of over 150 expected at the event. The purpose of the event is to help insurance companies to win the war on fraud by employing better tactics to secure the right data, advance technological support, and build the right bridges with companies fighting issues around financial crime.

The event delivers the practical insight to allow you to maximise your return on investment and get a real hands-on approach in mastering your response to fraud, you will see:

- **Key Decision Makers Attending:** C-levels, Group Heads, Global Heads and Managers of Financial Crime, Fraud, Claims, Investigations, and Underwriting
- **Pan-European Insurers Represented:** Ageas, AIG, Allianz, AXA, Aviva, Baloise, Covea, Direct Line, Groupama, Swiss RE, Tryg, Vordur, Zurich and many more
- **Out of Industry Perspectives:** the Telegraph, eBay, Vodafone and ex-Fraudster Tony Sales

To receive an additional £100 off of current booking rates, quote **3962CNT100** on the registration page
www.fc-bi.com/insurancefraudeu/register

I hope to meet you in October,

Marsha



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