

Insurance Times: Exec says technology enhances fight against insurance fraud
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HARTFORD — In the world of claims investigation, the good news is the high tech tools are there.

The bad news is that no company is doing everything possible to fight fraud with today's technology.

Dallas Dawley, assistant vice president, actuarial services data management at The Hartford Financial Services Group, said that an estimated 10 percent of insurance industry claims and claim dollars have a component of fraud – and that percentage is increasing. Nevertheless, the insurance industry is making great strides in using technology to help fight fraud, she told participants at TechDec, the Technology Decisions Exposition & Conference in Kissimee, Fla., recently.

"The key to fraud detection is data analysis, which rests on the quality of data and the ability to share data across environments and entities," Dallas said. "There's been significant improvement in fraud detection since the advent of the Insurance Services Office All-Claims Database, and this should continue."

The industry is just beginning to mine data with Neural networks for early automated identification of fraud patterns. Artificial intelligence also can identify patterns and predictive indicators. Ultimately use of these indicators earlier in the claim process will go a long way to reduce the potential for unwarranted claim payout, Dawley said.

Even imagery technology like videos and photos can be employed to identify fraud. Pictures of autos damaged in an accident can be superimposed on earlier photos to help identify pre-existing damage, she said.

As customers grow more sophisticated in their knowledge of insurance, their expectations for fast claims handling are also growing. This is especially true with auto physical damage claims, where customers expect settlement in less than a day.

Technology cannot do much about judicial hurdles such as rising litigation costs and judicial challenges to claim practices and cost containment tools. It also cannot clear regulatory hurdles. The need for signed consent to capture and use social security numbers in an investigation, for example, tips off the person under investigation and slows down the gathering of information. But it can help with many other aspects in fraud investigation.

Technology is changing faster than companies are willing and able to invest. "It's unreasonable and unrealistic to think that building all new systems is the only solution," said Dawley. "We must pick and choose from among the technology tools, integrate them into existing systems, and embrace changes to our claim workflows that allow us to reap the actual benefits of technology."

Dawley predicted that technology together with higher standards for data quality ultimately will help insurers deliver faster claim service and better fraud identification. And that will significantly help insurers and policyholders alike.