

Nia Fraud Detection for Insurance

Insurers worldwide are facing mounting economic and regulatory pressures on profitability. It is coupled with the need of faster claims processing to improve customer experience and satisfaction. Hence, it is important to tackle fraud leakage, false positives and operational costs as claims processing becomes the single biggest opportunity in the insurance industry.



Fraud/
combined
ratio

- **\$5.6-\$7.7** billion added in excess payments in US due to automobile claim fraud. ^[3]
- **17%** of customers admit to overstating their insurance claim losses. ^[1]
- **\$1.40** in claims is paid by insurers for every **\$1** of premium collected. ^[2]

- **24.4%** of the insurer's cost base comprises of claims processing costs. ^[4]
- **\$200-\$300** is added every year to a customer's insurance premium. ^[5]



Operational
costs



Turnaround
time & customer
experience

- **55%** of insurance customers are willing to share personal information for faster claims settlement. ^[1]
- **14%** of the customers globally are dissatisfied with claims handling and **83%** switch to another user within a year. ^[1]

Today's rule-based fraud detection systems are limited in understanding the real intent of the claim and factor it in fraud evaluation. As a result, claims further undergo manual investigations and analysis to manage false positives and detect fraud. This drastically increases the claims processing turnaround time and introduces manual errors, leading to further leakage.

With an increase in fraud in automobile insurance, operational costs for claims data preparation and analysis is on the rise, while post-claims investigations are adding to the customer dissatisfaction.

The imperative to design an efficient yet robust fraud detection system, which leverages not only internal but also external unstructured data has become a necessity in the insurance industry.

Nia Fraud Detection for Insurance: Overview

Nia Fraud Detection for Insurance is artificial intelligence (AI) and machine learning (ML) enabled application that sits on top of the existing claims processing systems to automatically enrich it with fraud detection intelligence. Facilitated with a low-touch implementation, it can evaluate claims for patterns, fraud links and networks in near real-time. With actionable learning insights, it enables insurers to:



Improve their
combined ratio



Decrease operational
overheads



Improve overall
customer experience

Nia Fraud Detection for Insurance utilizes unstructured data like vehicle telematics, traffic data, weather conditions, emergency call logs and transcripts, along with internal transactional data to evaluate each claimant's intent and validate the claim. It factors in the influencing data parameters on the fraud prediction and creates a more robust scoring model. As a result, it reduces the risk of false positives, while being able to identify different types of fraud such as fraud rings, staged accidents and low speed impacts (LSI).

Sources:

[1] <https://newsroom.accenture.com/news/satisfaction-with-insurance-claims-settlements-not-enough-to-keep-customers-loyal-according-to-accentures-global-insurance-customer-survey-2017>

[2] <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2017/general-insurance-industry-review-2017.pdf>

[3] <https://www.insurancefraud.org/downloads/InsuranceResearchCouncil02-15.pdf>

[4] https://www.mckinsey.com/~media/mckinsey/industries/financial%20services/our%20insights/what%20drives%20insurance%20operating%20costs/successfully_reducing_operating_costs.ashx

[5] 2013 NICB statistics

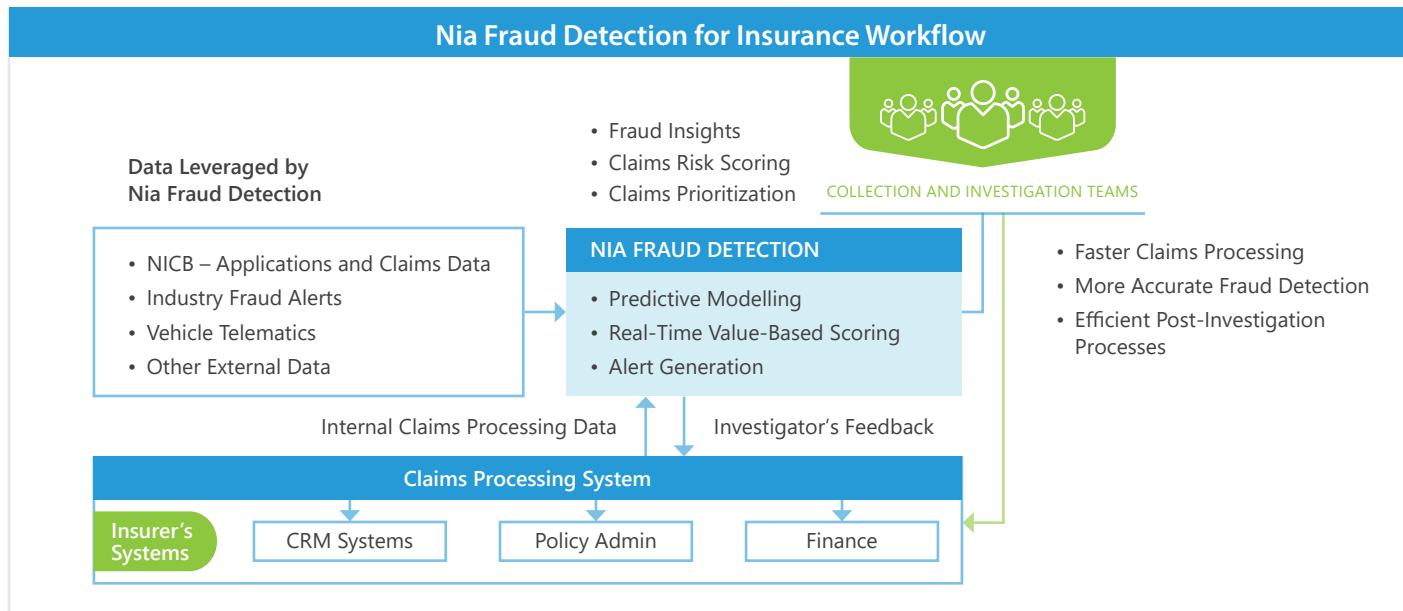
Key Features

- Real-time fraud evaluation with touchpoints across the claims lifecycle (FNOL, claim report generation and more).
- Prediction Explainability Framework (key influencing factor explanation behind every prediction model used).
- Worklist prioritization (claims prioritization for claim handlers based on the claim's inherent risk).

Inside Nia Fraud Detection for Insurance

Nia Fraud Detection for Insurance is built on top of the Infosys AI platform Infosys Nia™. The platform provides data, knowledge and automation capabilities to its applications by the use of various inbuilt technologies like advanced ML, deep learning and natural language processing to readily ingest and transform data, build models, predict outcomes and automate processes, thereby enabling automation-led decision-making.

Nia Fraud Detection for Insurance evolves with the changing data elements and market trends. It utilizes a continuous feedback architecture so that any changes in the data can be reflected automatically during its risk evaluation. As a result, the solution can strive to stay up to date with evolving fraud trends, reduce the turnaround time for claim settlement and decrease operational costs.



Differentiators



Nia is the best in class ML platform which outperforms its peers in scalability and performance (150X speed compared to open source options).



Nia's auto-model technology and ML process automation have facilitated users to consume AI through various optimized APIs, improving the ease of implementation, integration and usage.



Prediction Explainability Framework further enhances business value by providing actionable business insights for the fraud prediction models, which can be leveraged to strengthen the underwriting process and improve the entire insurance lifecycle.

To know more about Nia Fraud Detection for Insurance visit www.edgeverve.com/business-applications or send your request to edgeverve@edgeverve.com

Nia Fraud Detection for Insurance is a business application built on Infosys Nia™ platform which is an integrated knowledge-based AI platform. Infosys Nia applies next-generation AI and machine learning to improve business and IT processes.

About EdgeVerve

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