

Malaysian insurers collaborate against fraud

Malaysian insurance market cracking down on fraud with BAE Systems

Motor insurers are regarded as acceptable targets for opportunistic fraud, but also an obvious target for organised criminals funding crime by crashing cars or staging accidents. A combination of penetrating, accurate analytics to detect insurance fraud and decisive investigation tools are needed to protect genuine customers.

Preventing insurance fraud during rapid market change – for a whole nation

BAE Systems is working with insurers in Malaysia to identify and prevent criminals running fraudulent motor claims rings, thereby disrupting the financing of organised crime in Malaysia; the ultimate goal being to ensure that any cost of fraud is not passed on to the consumer.

Whether opportunistic or committed by organised fraud rings, insurance fraud results in higher premiums for law-abiding customers. It is also used to fund further criminal activities.

While Malaysian insurers already have measures in place at the underwriting stage, mitigating a number of fraud risks, the industry has recognised there is an opportunity for improvements to combat organised insurance fraud on a national scale across the industry.

Malaysian insurers understand that finding fraudsters targeting multiple organisations calls for a sophisticated, united approach that works across multiple insurers. This requires analytics that are honed to detect subtle patterns revealing hidden criminal fingerprints across multiple data sources; indicating criminal collusion, and tools which allow investigators to make fast, accurate, consistent decisions about suspicious cases without slowing down genuine claims.

After evaluating many providers in the market, BAE Systems was selected by Malaysian insurers as a strategic partner for this endeavour.

National-scale detection of criminal enterprise

BAE Systems leveraged a decade of experience in providing national-scale detection and investigation technology and analytics to root out the most difficult-to-find criminals. More than 70 insurers globally use the company's sophisticated analytics and visual investigation, and alert management tools. BAE Systems took this experience, and deployed software for early adopter insurers in Malaysia.

That system is now moving into full production, giving insurers the backend analytics which helps to provide context to give a more accurate and penetrating detection, while providing fraud teams with actionable intelligence to prevent fraud quickly and confidently. The early results show Malaysian insurers will be well-positioned to serve genuine customers more effectively. Data is handled securely and sensitively, so only those who need access have it.

Malaysian insurers to disrupt fraud through enhanced collaboration

The Malaysian insurance market is taking an aggressive approach to disrupt and prevent organised motor claims fraud by collaborating together. Working in partnership with BAE Systems, Malaysian insurers will be able to identify and prevent serious criminal activity that harms them, their customers and wider society.

Challenges

- The Malaysian insurance market is going through fundamental changes, creating new opportunities to serve honest claimants more effectively, and to stop fraudsters from exploiting loopholes
- Motor insurance fraud in Malaysia was estimated to cost insurers and takaful¹ operators RM 760 million in 2013 alone.² With the drive to create better customer experience through mobile and online applications in the insurance industry, the risk of fraud is expected to rise as well

Opportunity

- Insurers need to review links between claims from all participating insurers and spot patterns of suspected organised fraud that would otherwise have gone undetected
- With access to the right information in one place, investigators are able to make the decision to carry out an in depth fraud investigation more quickly
- By spotting and denying more complex and sophisticated forms of fraud, Malaysian insurers can deny organised criminals easy access to cash that may be used to commit further crimes
- Reduce the burden on honest insurance customers who shoulder the cost of fraudulent claims

Business transformation

- BAE Systems is using its experience in national-scale detection and investigation technology and analytics used to identify previously undetected criminals to complement the Malaysian insurance industry existing efforts
- Fraud teams are now equipped with the tools to turn alerts into prevented fraud quickly and confidently
- BAE Systems is working with the Malaysian insurance industry, which has a culture of data collaboration, allowing the best blend of data pooling analytics, detection tools and security models

Technical benefits

- Ability to uncover hidden networks of suspicious claims
- Able to identify consistent patterns of claims fraud targeting multiple insurers
- Guards sensitive personal data from inappropriate disclosure



BAE Systems will equip fraud teams with the tools to turn alerts into **prevented fraud**

¹ Takaful is a form of co-operative guarantee that protects participants in a way similar to insurance, that is Sharia compliant.

² http://www.bnm.gov.my/index.php?ch=en_speech&pg=en_speech&ac=560&lang=bm

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