

Insurance fraud success with NetReveal®

Insurer slashes fraud across national borders and product lines with NetReveal

NetReveal solution paid for itself within 12 months, able to change to a managed, on-demand service when circumstances required.

Tackling fraud across the globe - and getting ROI within a year

A global tier one insurer's new lines of business and geographic expansion created an environment in which frauds proliferated and investigators struggled to keep up with the volume and variety of fraud attempts.

Insurer enters high risk markets, protects revenues and prevents fraud with on-premises and cloud versions of NetReveal

BAE Systems won a tender for a counter claims fraud solution from an insurer with significant global operations. Intended to minimise property and casualty insurance fraud, whatever was provided would have to fit in with a central infrastructure overhaul for the customer, and deliver rapid time-to-value. Any fraud solution would have to pay for itself within the year.

The most significant problem for the insurer was its entry into high risk markets - such as drivers with higher risk profiles, via digital channels. Introducing products for more risky customers via digital channels made it easier for honest buyers to do business with the insurer – but it also opened up opportunities for fraudsters.

Breaking the fraud cycle for higher-risk products

BAE Systems initially put together a custom on-premise anti-fraud solution. In the first year, this created a conversion rate from good referrals to realised savings of over 90%. This was significantly higher than other solutions within the organisation. As the service has rolled out, this rate held steady at 90%.

The service levels offered by NetReveal worked to create a compelling case for expanding its use further. This was made easier by adopting NetReveal on-demand, a full-featured version of NetReveal delivered as a managed service.

Challenges

- Operational crunch forcing cost base reduction
- Business objective for any IT investment to 'deliver ROI' within a year
- Desire to launch new products through new channels, without opening the door to fraud
- Global 'best practice' push for fraud function, with variety of market dynamics and data privacy concerns
- Company focus on supporting law enforcement in eliminating large, complex, organised fraud

Business Transformation

- ROI several times over in 12 months
- Facilitated a defended launch into high-risk product types
- Became gold-standard for in-country disruption of organised fraud funding crime
- Operational efficiencies and investment both increased despite business-wide cost-cutting
- Ongoing growth of product lines defended

Creating a safe environment for new products across three sites

The move to NetReveal on-demand also coincided with several new initiatives, including the creation of new business lines protected by BAE Systems fraud-busting technology, including areas of emerging fraud threat such as liability insurance. An initial pilot in 2015 uncovered several crime rings, and has created a business case for applying the same techniques and technologies in other territories.

A second site went straight to a NetReveal on-demand client in 2012 across several lines of business. This territory suffers from severe and persistent organised fraud, and the insurer was obliged to operate with severe cost constraints. With a minimal level of customisation, NetReveal on-demand was put to work – and within months was disrupting organised fraud. The insurer's investigations ring have put NetReveal to use to identify and combat both opportunistic fraud and complex, sophisticated organised frauds.

A third territory for the insurer saw it combine BAE Systems' claims fraud system working in parallel with a third party risk scoring provider. In this region, the regulator demanded that insurers exercise significant and rigorous data privacy – and shortly after, the insurer started using NetReveal on-demand supplied by an in-country BAE Systems data centre.

The first step was to encourage the customer's investigations and counter fraud teams to make best use of NetReveal, and BAE Systems supplied a 'model office' demonstration rig to show users the benefits – as well as best practice. Within months, the insurer had asked BAE Systems to add a further line of business to the initial deployment. All of this was done with sophisticated data obfuscation and management constraints to ensure the Data Protection Officer was comfortable that data used on the system was being handled in accordance with local laws and regulations.

Benefits

- High conversion rate to saving compared to other solutions used in-house
- Rapid time to value leading to in year ROI
- Organisation wins national awards and sits in the top few organisations for fraud excellence in each deployment
- Several organised fraud rings detected and disrupted in first few days of operation

Conclusion

Getting the company's claims team known for the right reasons is something of a speciality for BAE Systems. The addition of NetReveal on-demand has allowed insurers operating on a tight budget to retain valuable staff, cut fraud and have the solution pay for itself from the fraud it has uncovered and prevented. In this case, a company under pressure to cut costs was able to spend time and money on a fraud detection solution and get a phenomenal return on the investment, limited, not least, to retaining decades of institutional experience and knowledge in the form of employees it has retained rather than let go.

BAE Systems, Surrey Research Park, Guildford, Surrey, GU2 7RQ, UK

UK: +44 (0) 1483 816000

E: learn@baesystems.com | W: baesystems.com/businessdefence

 [linkedin.com/company/baesystemsai](https://www.linkedin.com/company/baesystemsai)

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