

Detect and Prevent Fraud Before Claims Are Paid



Business Impact

"It used to take our investigators six months to expose cases of organized fraud. SAS allows us to do it in 30 seconds."

Yalcin Terlemez
IT Division Manager
Aksigorta

Challenges

- **Increasing claims fraud.** Fraud and new tactics are on the rise, especially within organized crime rings that are drawn to low-risk, high-return insurance fraud.
- **Information silos.** Multiple legacy solutions in different departments (claims, policy, etc.) make it almost impossible to share and spot suspicious activity across product lines.
- **Limited time and resources.** SIU analyst and investigator resources are insufficient to effectively detect, triage and investigate suspicious activity.

The Issue

Fraud losses represent an increasingly complex and systemic risk that's affecting the profitability of every insurance company. It's estimated that annual fraud losses for the property and casualty industry are up to \$40 billion in the US alone. Passing costs to the policyholders is no longer a viable solution.

The challenges are mounting. Integrating data from disparate systems, suppliers and third parties can result in incomplete and unreliable data. Manually gathering and preparing data for fraud detection is tedious, time-consuming and highly error-prone, often resulting in too many false positives. And there's inconsistency among claim handler approaches to fraud detection, which at times run counter to most customer service goals.

All these issues of balancing customer service objectives with limited resources, faulty data and tighter budget constraints have made it increasingly difficult to fight fraud. Traditional fraud detection methods and systems cannot cope with the complexity and speed of emerging organized fraud schemes. You need a new approach to monitor customer behavior across multiple claims and lines of business to achieve an effective and proactive detection process. To decrease fraud losses, reduce false positives and improve investigator efficiency, you have to combine different detection techniques with the right technology.

Our Approach

Improving claims fraud detection could mean up to hundreds of millions of dollars in savings for your organization. Using its breadth of insurance expertise, SAS takes an enterprise approach to fraud detection and prevention by delivering an industry-leading software solution either on-site or via the cloud that enables you to:

- **Detect more fraud.** Our advanced fraud analytical engine combines business rules, predictive modeling, anomaly detection, text mining and network link analysis to uncover hidden relationships, detect subtle patterns of behavior and prioritize suspicious cases.
- **Improve investigator efficiency.** Increase ROI per investigator by prioritizing higher-value networks and conducting more efficient and accurate investigations using advanced case management tools.
- **Quickly uncover organized crime rings and new fraud schemes.** Assess all claims from first notice of loss (FNOL) to quickly recognize suspicious activities and prevent large losses early using data visualization link analysis and sophisticated data mining capabilities.
- **Enhance information credibility.** By integrating all structured and unstructured data sources, including third-party data, apply embedded data quality techniques to ensure data accuracy.
- **Lower total cost of ownership.** Take advantage of a highly secure cloud environment with prebuilt fraud detection models for faster implementation and quicker ROI.

SAS provides a framework of capabilities to help insurers significantly improve fraud detection. With SAS you get:

- **Comprehensive data management.** Insurance-specific data models and predefined data quality routines dramatically enhance data for fraud detection models.
- **An advanced fraud analytical engine.** Uncover more suspicious activity using multiple analytic techniques: business rules, anomaly detection, predictive modeling, database searches and network link analysis.
- **Advanced text analytics and data mining.** Analyze both structured and unstructured text data to reveal fraudulent activities that would otherwise go unnoticed.
- **Network link analysis.** Quickly discover organized fraud rings that might otherwise take months or years to identify and prevent.
- **Streamlined alert management.** SAS consolidates alerts with transparent reason codes and then automatically prioritizes and routes them to the appropriate team members for investigation.
- **Flexible deployment option.** Accelerate implementation and realize a quicker ROI with prebuilt models deployed on-site or in the cloud.

SAS delivers a complete solution for claims fraud management, enabling you to detect and prevent both opportunistic and professional fraud across multiple lines of business.

A Midtier Insurer

Situation

A midtier insurer was experiencing increasing bodily injury claims exposure. To detect potential fraudulent activities, it needed to improve the quality of its internal data, as well as incorporate third-party data such as ISO, NICB and medical billing information.

Solution

SAS delivered a solution that enabled the insurer to:

- Gain the benefits of a cloud environment with predefined data integration and quality routines, along with prebuilt fraud analytics models incorporating third-party data.
- Focus on the lines of business and regions with the largest fraudulent exposure.

Results

The insurer was able to:

- Discover \$5.3 million in previously unidentified questionable medical billing exposure.
- Improve the acceptance rate for further investigation to 74 percent, resulting in fewer false positives.
- Increase the identification of suspicious medical providers by 162 percent.
- Demonstrate a value beyond fraud with 16 percent of the accepted alerts also flagged for medical management issues.

What if you could predict the likelihood that a claim would be fraudulent at FNOL and stop fraudulent payments before they occur?

What if your investigators could analyze and collect relevant information on suspicious activity using data visualization, case management and an intuitive link analysis solution?

What if you could uncover hidden connections that might lead to organized fraud rings and emerging fraud schemes months, and even years, before traditional fraud detection methods?

What if you could cleanse your data during data integration so you could be confident of its integrity throughout the claims process?

You can. SAS gives you
THE POWER TO KNOW®.

SAS Facts

- More than 1,300 insurance companies worldwide are SAS customers.
- SAS offers extensive domain expertise and nearly four decades of experience working with insurance companies across the globe.
- SAS was recognized as a category leader in the Chartis RiskTech Quadrant® 2017 for Enterprise Fraud Technology Solutions.

Learn more at: sas.com/insurancefraud.

To contact your local SAS office, please visit: sas.com/offices

