

Fighting Claims Fraud: Putting it into Action

Milano, 24th October 2018 Motor Head at Seguros Catalana Occidente Mr. Rafael Moyano



Overview

Grupo Catalana Occidente

Background

Why SAS

Outcomes

Our roadmap

Lessons learned



Grupo Catalana Occidente Profitable growth, genuine insurers and social value

International dimension Higher credit Higher insurance insurance group in the world group in Spain 50 countries 1.600 offices Eastern Asia and rest Southerm Europe of the world 11.5% Europe 2,9% Central and 3,3% Northerm Europe 10,8% America 2.7% Diversification by countries Spain 68,8%

Key financial figures

Turnover and business distribution

4.254,3M€ +0.4%

59.1% Traditional business **40.9%** Credit insurance business

Combined ratio

91,4% Traditional business 75.2% Credit insurance business

Consolidated result

357,3M€ +10,1%

Shareholder remuneration

93,0M€ +7,2%

More than 4 millions customers

More than 7.300 employees







- More than 150 years experience.
- Global offer.
- Sustainable and socially responsible model.

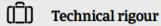


- Listed.
- · Rating "A".
- Stable and committed shareholders.



Closeness - Global Presence

- More than 19.000 intermediaries.
- Over 7,300 employees.
- 1,600 offices.
- · Fifty countries.



- · Excellent combined ratio Non-Life
- Strict expenditure control.
- Diversified and well-advised investment portfolio.



Strategy overview Stable & clear strategy

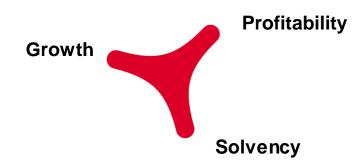


- To be leaders in risk protection and long-term insurance in the retail and SME market.
- To become global leaders in trade credit risk management.



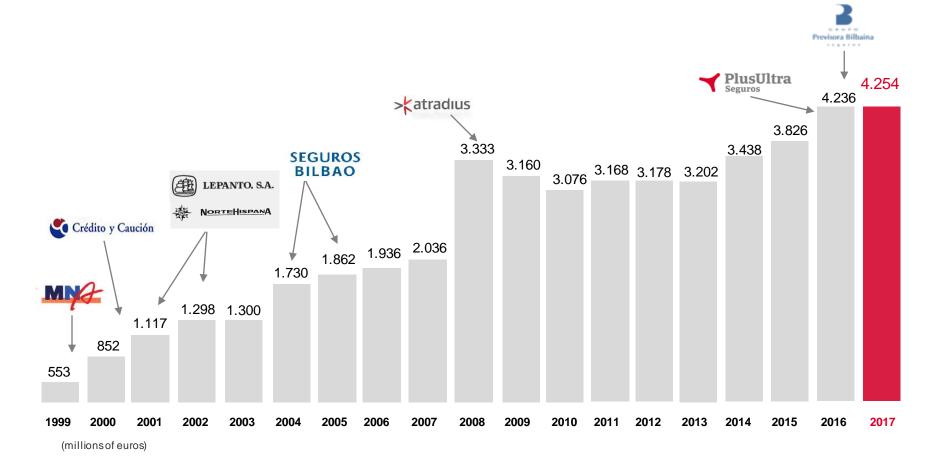
Ethical action towards stakeholders.





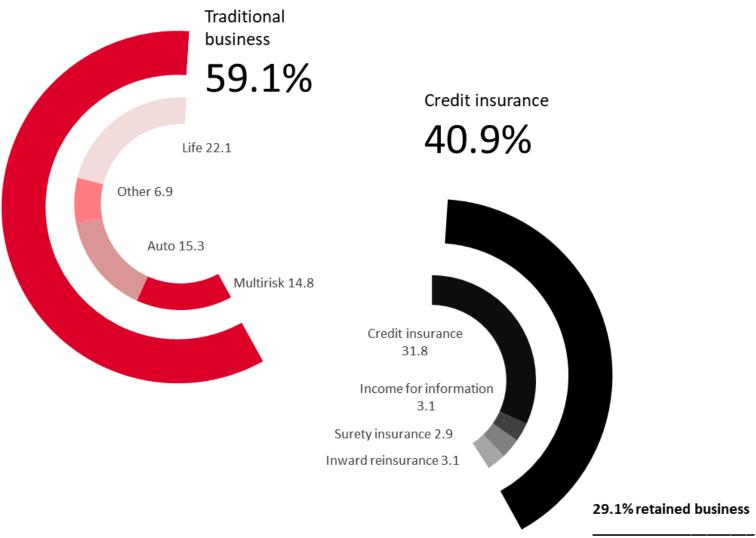


Growth Turnover x 8





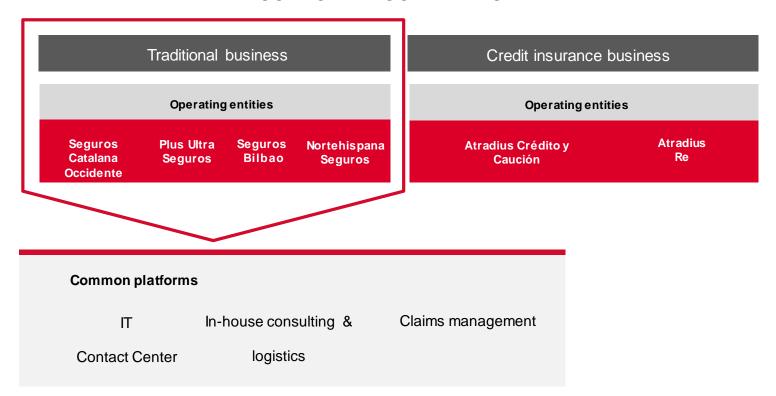
Diversification Balanced portfolio, full product offer



Consolidating the "Group" Centralised common platforms

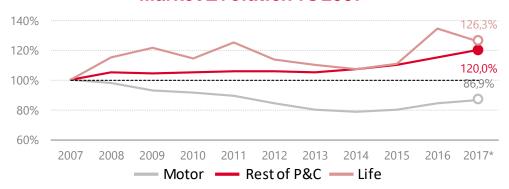


CORPORATE GOVERNANCE



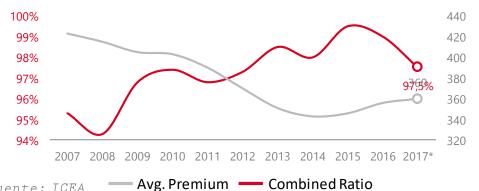
Background Insurance Market in Spain

Market Evolution vs 2007



Auto LoB plummet during financial crisis (more than others LoB)

Average Premium vs % Combined Ratio



Fuente: ICEA

Auto has the tightest margins and fiercest competence



Background

Early steps of the journey in Seguros Catalana Occidente

2008-2009 2010-2011 2012 2013 2014 2015-



2008 -2010: Special Claims Management Unit took over, specialized by type of motor claims



2010: Special Investigation Unit was stablished



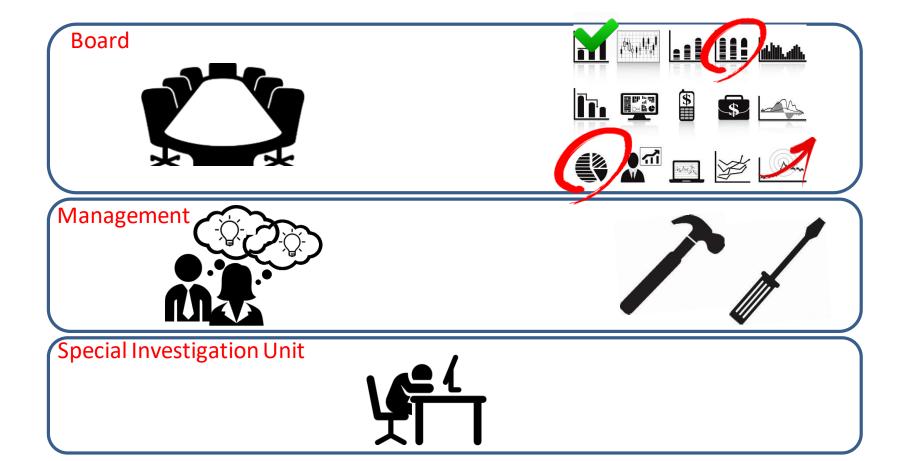
2014: Group Claims Management System integration started (UPSA)



2014: In-house fraud detection system, rules-based (+20)

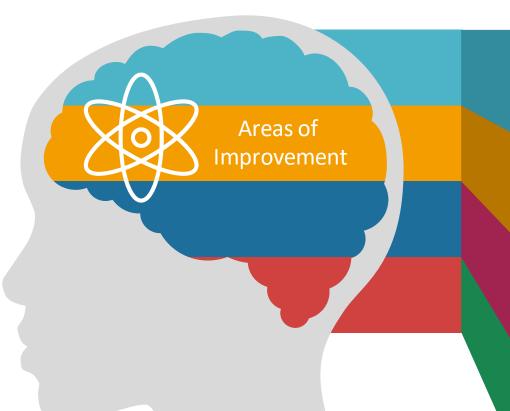
- In 2014 we clearly reached a plateau of productivity in our effort against fraud.
- We were looking for "something" to create a sustainable, hardly replicable, competitive advantage in claims cost.

Background How we felt?





Background How we felt?

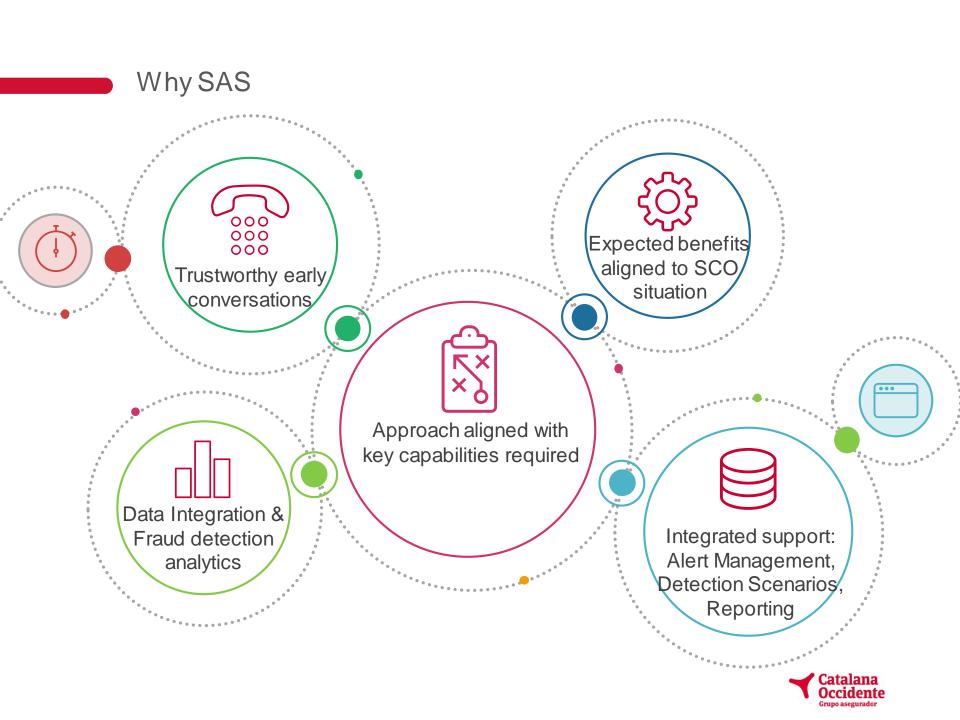


- DATA: Current data available for case management or alert detection was not aligned, nor structured, for that process
- ANALYTICS: Lack of tools to help the SIU team to analyze the data
- VALUE: Add incremental value to the current fraud detection situation
- INTEGRATION: Integration with current processes, leveraging people and systems already in place

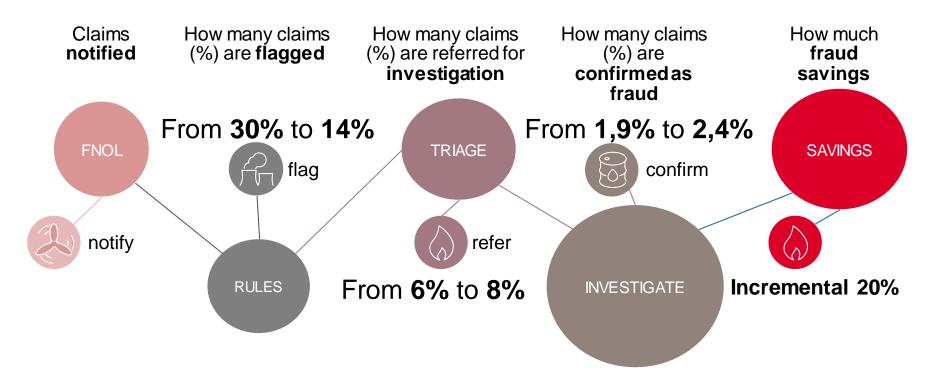
Insurance DNA

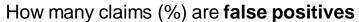
- Prudence
- Risk aversion to long projects with uncertainty
- Opinionated tendency ...at times





Outcomes Quantitative Side









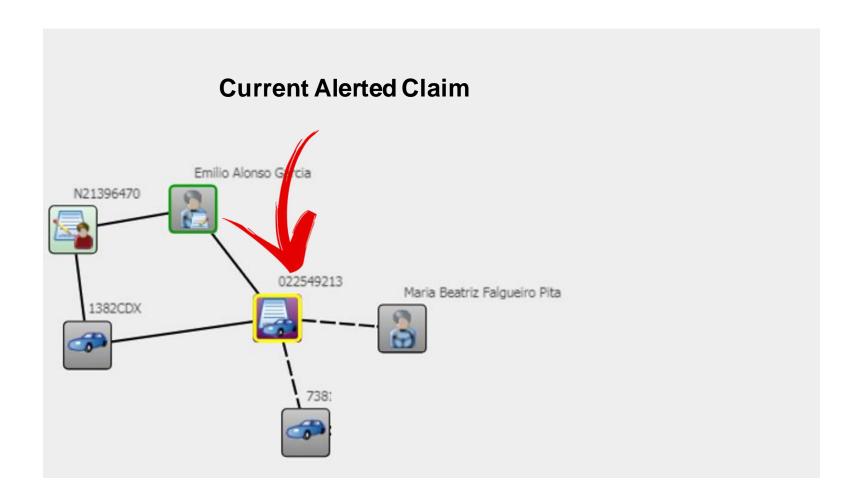
Outcomes Oualitative Side

 Make triage and investigation processes more homogeneous across different teams, areas and companies.

- "White-box" approach: A Fraud Score is not enough. Chasing claims fraud is about building evidences to prove the case
- SAS solution acts like a Hub in a collaborative claims team to improve customer experience and Catalana's effectiveness.

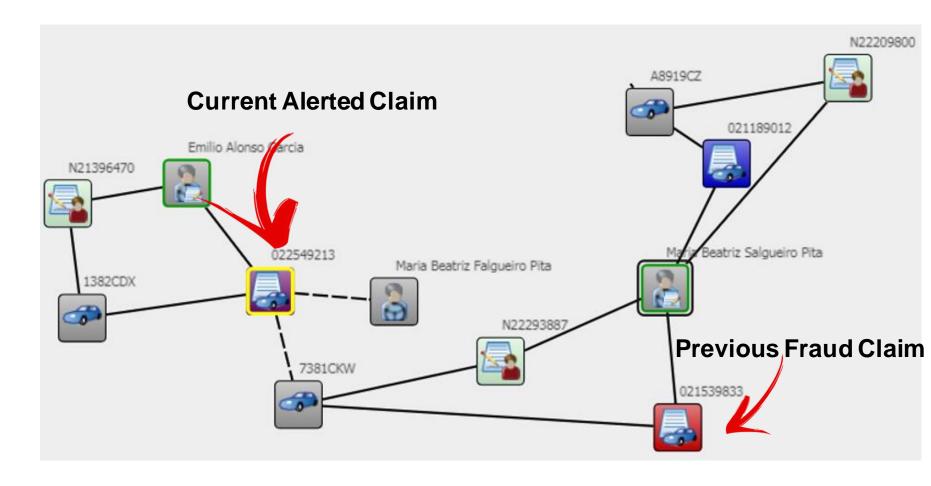


Illustrative Example (Material damages)



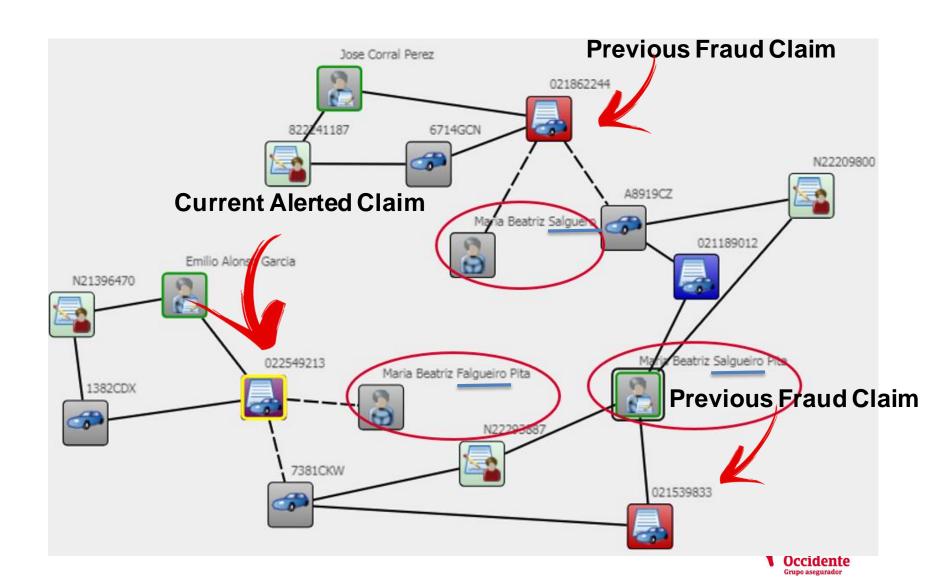


Illustrative Example (Material damages)

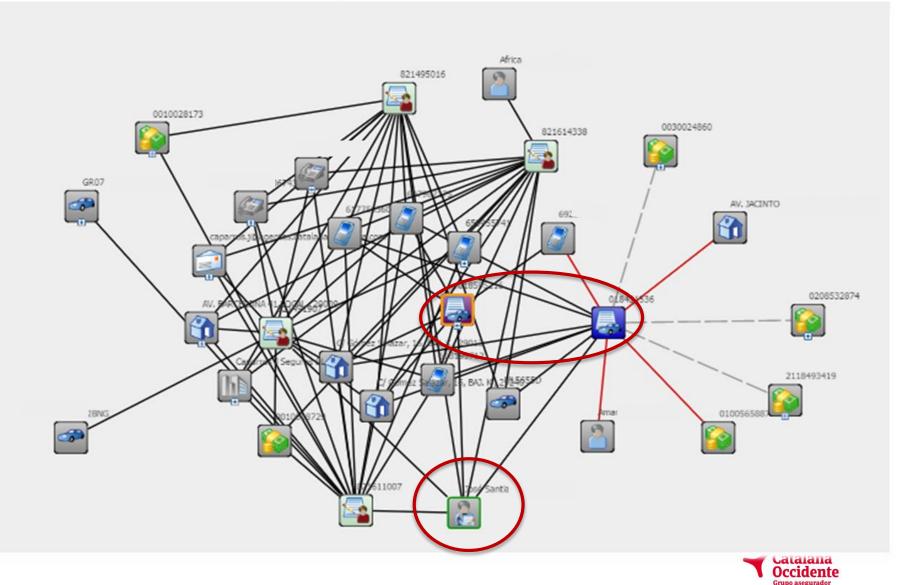




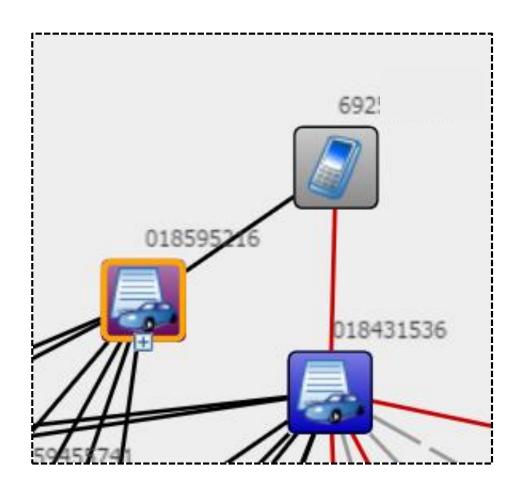
Illustrative Example (Material damages)



Illustrative Example (Bodily injuries)



Illustrative Example (Bodily injuries)





Outcomes Before and now



Before

Non Prioritized Alerts
Expert Fraud Rules
Non Structured Information
High degree of Manual Work
High level of Expertise













Risk-based prioritized Alerts
Expert & Analytical Scenarios
Structured Information
High degree of Automatism
High level of Expertise



Policy



Our Roadmap

Chasing fraud is a journey not a destination

What have we done so far?

- After 1 year implementation project...
- ... we are in Production for 2 years for Motor LoB, both kasko and bodily injuries.

Where are we heading?

- Next week we enter in Production the whole Grupo Catalana Occidente for Motor LoB,
- Enhancing in a regular basis the detection scenarios
- Online scorings
- Currently evaluating Solution roll out to the rest of P&C LoB



Lessons Learned

In our journey

The keys to success (according with our experience):

- 1. Overwhelming willingness of taking a change (from top to bottom)
- 2. Rely on experience: the right provider o consultant. Claims fraud analytical approach and best and worst practices
- 3. Team: motivated and enthusiastic
- 4. Data quality







