

# Fraud

## use of industry databases to identify fraud

**Fraud continues to be a big problem for the insurance industry. One of the historical issues has been the lack of an industry-wide pool of data to assist in identifying fraud being committed by individuals against different companies.**

Recently, that situation has changed. As part of our comprehensive fraud process, St. Paul Travelers has been using CACHE PI and has benefited from the fraud identifying capabilities of the system.

If you are currently handling claims and are not contributing your claims data into an industry-wide database, then you could be missing the opportunity to identify fraud as you will be unable to data match your records against other claims handlers records.

The fight against insurance fraud will work far more effectively if all data is centrally pooled so everyone can benefit from identifying previous claims or fraud trends.

What follows is an article written on our behalf by CRIF, detailing both how the industry-wide database has evolved, as well the benefits of sharing information.

**Geoff Godwin**  
**Assistant Property & Casualty Claim Manager**  
**St. Paul Travelers**



# CRIF Application for Claims History Exchange: Working together in the fight against possible fraud.

**Tackling frauds is a big issue for the industry. CRIF Decision Solutions' Associate Director Roger Walsh, traces the evolution of CACHE - CRIF Application for Claims History Exchange and explains why it is considered an ideal solution for the Insurance market, local government and self insured companies.**

"It seems like only yesterday, but actually it was almost four years ago, that CRIF along with industry representative IDSL (Insurance Database Service Ltd, the industry body responsible for database services) did our best, in designing a system to allow the industry to share Personal Injury claims to assist in the fight against fraud. We had six months to deliver it. Days and nights working really hard" says Roger Walsh, of CRIF Decision Solutions Ltd.

"The system," he adds "facilitates the discovery of previous and possibly related injury claims, misrepresented claims history, multiple claimants and potential fraudulent claims, achieving the insurer objective of the identification of claims that need further investigation.

"Being appointed by IDSL in 2002 on behalf of the UK Insurers we released CACHE Personal Injuries first. One year later came the launch of the Motor and Household claim service, while another big challenge was faced in 2004 when CRIF released the PI CRU Extended Messaging Module. This service allows the complete automatic and electronic data exchange with CRU (the Compensation Recovery Unit), a division of the Department for Works and Pensions (DWP). This part of the service

facilitates the request and online receipt of benefit certificates, statements and payment reminders. Quite fed up with paper procedures and using the postal service, our customers enthusiastically welcomed the go-live of such a facility," continues Walsh, quite proudly.

"Our stated goal is to assist the Insurance Industry in their objective of increasing the trust of their customers and a reduction of both overall costs and manual effort, facilitating the increase in premium revenues and profitability through the application of rates according to the true risk involved. We really believe that a suite of flexible services enabling the insurers to enhance the quality of their business portfolio through an accurate assessment of potential risks, stands at the basis of such a path," explains Walsh. He also points out that an easy recognition of individuals who could benefit from a "no-claims" discount at the underwriting stage and a better control of claims expenses by a more efficient validation and handling of claims, are among the key benefits of the integrated solution developed by CRIF Decision Solutions Ltd.

An ABI source declares that the spread of insurance frauds is becoming an imperative challenge for the industry; fraud losses sustained by insurers in the UK over 2005 are reported to exceed £500 million. "It's a matter of fact that the insurance industry needs to implement a range of different techniques and tools in the attempt to tackle frauds. Data sharing is a key solution within such a demanding scenario," continues Roger Walsh who recognises how CACHE could ensure an instant benefit in possible fraud detection.

The suite of CACHE services includes the last born to the recent introduction of CACHEMinder, a proactive anti fraud tool. Launched in February 2006, this tool

allows special investigators and anti fraud users to undertake a single ad-hoc entry search across the whole of the databases where there is bona fide evidence of potential fraud, outputting a graphical illustration of links between individuals involved in different claims and giving the textural detail as well. Positively reviewed by the users, like Conversant Data and St. Paul Travelers, CACHEMinder makes possible the identification of multiple claims and potential links between claimants, policyholders, third parties, drivers and witnesses. The "slippers and trippers that roam local authorities are costing councils and tax payers money, CACHE PI is one way of identifying the habitual claimant roaming from one authority to the other and on the way making claims for some sort of injury," explains Walsh.

CACHE now administers and manages about 45 million claims, among the users of the system are well known leading insurers, including St. Paul Travelers.

"The exchange of data and our work in partnership with the industry are important undertakings that will benefit the industry in their objective of fighting fraud and realising quick wins. We believe that the CACHE application aids this objective. From our side, we will continue to assist our customers and the industry as a whole with the aim of taking further steps in the improvement of insurance risk management processes," concludes Roger Walsh.

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