

Applying military-grade intelligence to a multi-billion dollar fraud problem

By: Insurtech, Eugene Greenberg, Fraud, Insurance, Click-Ins, Europe, London

Insurance fraud continues to be a big problem for most insurers, costing them millions and harming their profits. One insurtech start-up is looking to help insurers tackle this by applying military-grade intelligence techniques to the problem.

“Our main target is to bring insurance companies more profit, by carrying off fraudulent engagements and claims, predicting possible fraudulent engagement, and carrying off expenses on claim,” said Eugene Greenberg, co-founder of insurtech start-up Click-Ins.

Click-Ins is one of more than 20 start-ups attending the annual Intelligent InsurTECH conference on October 3 in London. [Click here to find out more.](#)

According to statistics from Insurance Europe, detected and undetected fraud is estimated to represent up to 10 percent of all claims expenditure in Europe.

In the US, the Coalition Against Insurance Fraud conservatively estimates that fraud steals \$80 billion a year across all lines of insurance.

“The point is not whether insurance companies are doing enough to tackle fraud, but the ability of these companies to do so,” said the start-up co-founder.

Insurance is a mature industry and the many core legacy systems of insurers fail to communicate with each other in the same language.

Analysts estimate that 80 percent of the data that insurance companies have accumulated over the years is unstructured, which means tonnes of data is available but little knowledge.

Additionally, insurers use a traditional policy-centric approach, which makes tackling fraud rings even harder, he said.

“But the industry understands that fraud is a huge issue and more and more carriers are joining forces with companies like ours to fight fraud.”

Click-Ins, through its product getmeins, concentrates its efforts on helping carriers predict fraud at point of sale as well as point of claim using a holistic approach that leverages military-grade intelligence techniques.

These techniques include link analysis, open source intelligence, text analytics, signal and image processing.

“All over the world, insurance companies are having a hard time making money on their main business,” said Greenberg.

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For example, if you take property and casualty, in 2016 (according to Aon’s risk study), combined net loss ratio has been 98.6 percent, which means for every \$1 insurers collected, they paid out \$0.986.

“One of the major reasons for this is insurance fraud,” claimed Greenberg. Unfortunately, there’s no easy fix—hundreds of fraud schemes are operating.

One of the biggest fraud schemes in car insurance is the multiple use of damaged parts, where the same parts are used in a staged accident. Another scheme is when certain damage has been deliberately increased.

This is one of the reasons why the Click-Ins has decided to launch its first product, a car damage matching and assessment tool.

When customers take a photo of the damage with their smartphones or digital cameras, Click-Ins can use this to build a unique signature of damage (much like a fingerprint).

Click-Ins then runs this through a historical database of photos provided by the insurance company which had been preprocessed with the same algorithm.

A match can mean that the particular part was already claimed or the damage was deliberately increased.