

Software robots: New members of the fraud investigation workforce

Using technology to augment human efforts

By: Kevin Gibson

Fraudulent insurance claims — the hits just keep on coming, with more than 60% of insurers experiencing increases in such claims between 2013 and 2016, according to research released last year by the Coalition Against Insurance Fraud. In September 2017, the Insurance Information Institute pegged the cost of fraudulent property and casualty insurance claims at \$34 billion annually.

In addition to human resources to combat the problem, insurers are taking a different tack by adding software robots (also known as robot-processed automation, or RPA, solutions) to their fraud investigation workforce. These solutions automate the process of sifting through personal and other data found online to substantiate or disprove the fraudulent nature of any claim. These are just a few of the benefits of RPA solutions:

- Facilitating more thorough investigations of potentially fraudulent activities, at a lower cost. Unlike human investigators, software robots are relentless by nature. They can rapidly troll the internet for data that may point to fraud—including the ever-increasing volume of personal data now being shared on social media outlets such as Facebook and on collaboration platforms like Slack. The time and effort required to handle these tasks, as well as the cost, pale in comparison to the price of employing human investigators to tackle them.

Even more importantly, software robots' use of algorithms in mining data for correlations allows them to identify patterns and other indicators of fraud not typically discernible by human investigators. RPA technology becomes increasingly better at drawing correlations with end-user training. When machine learning is incorporated with software robots, the sheer volume of data collected and the intricacy of patterns identified is overwhelming—in a good way.

- Freeing up valuable resources to handle more complex cases. Software robots can uncover most of the so-called “grunt work” pertaining to straightforward claims—i.e., searches for policyholders' social media data and other information about potentially suspicious activity that may appear online. We see RPA usage moving in this direction, as it frees up

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investigators to focus on higher-profile cases and to follow up on or substantiate any instincts they may have about them.

- Reducing the overall incidence of fraudulent claims. Certain individuals do not see the harm in “plain vanilla” insurance fraud, believing it is a victimless crime. However, policyholders pay the price of fraudulent claims activity in the form of increased premiums. Other incidences of insurance fraud are linked to financial crimes and terrorist activities. RPA makes the activities of perpetrators in both camps easier to pinpoint and more difficult to conceal, potentially dissuading them from pursuing false insurance claims altogether.

Best practices: Bigger bang for the RPA buck

Software robots clearly rank as a valuable tool that insurers can leverage when investigating and helping to mitigate fraud. However, applying best practices in their use is imperative to maximize investment in the technology. Read some of our best practice suggestions below:

- Don't expect “out-of-the-box” functionality. RPA is very much an across-the-board technology.