

## Around the P&C insurance industry: Oct. 5, 2016

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The Washington, D.C.-based Coalition Against Insurance Fraud said it is now accepting nominations for its Prosecutor of the Year Award, which honors prosecutors who contributes extensively to the conviction of insurance scammers. Nominations are due Oct. 21.

Morristown, New Jersey-based insurance software company Majesco said it has a five-year partnership with Armonk, New York-based technology and consulting company IBM to help insurance carriers develop cognitive products and services on the IBM Cloud.

Chicago-based insurance brokerage Hub International Ltd. said it acquired the assets of Cumberland Foreside, Maine-based Norton Insurance Agency Inc. and Norton Financial Services Inc. Terms were not disclosed.

Mayfield Village, Ohio-based Progressive Group of Insurance Cos. said it plans to add more than 1,300 jobs across the country by the end of 2016. The new positions include IT, analyst, customer care and claims.

Triest, Italy-based property and casualty insurer Generali Group said the U.S. branch of its global corporate and commercial division has expanded its Centurion insurance and assistance offering for U.S.-based multinational corporate and commercial organizations.

East Windsor, Connecticut-based Insuritas said it will begin offering insurance policies through Nacogdoches, Texas-based Commercial Bank of Texas.

Munich Re/HSB Ventures, the corporate venture capital arm of Germany-based Munich Re, said it is partnering with New York City-based insurance technology startup Slice Labs Inc. to launch its product in the United States.

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**Coalition Against  
Insurance Fraud**

AIG is investing in a wearables firm that embeds trackable devices in construction workers' vests. The sensors monitor employee movements in factories, on construction sites and other high-risk workplaces. Data can transmit in real time.

Investigative uses

Smart consumer wearables are taking off and the data could unearth scams. Smartwatches, fitness trackers, augmented and virtual-reality headsets such as Google Glass, and wearable cameras such as GoPro are among the consumer devices consumers are snatching up and using in large numbers.

Imagine a claimant who says she tripped on the crack in a neighborhood sidewalk, resulting in a painful back injury. She sues for \$450,000, yet discovery shows she wears a Fitbit wristband, smart watch, heart-rate monitor or other personal tracking device. Her data might track strenuous activity — maybe jogging, tennis or gym workouts. She'll have a hard time asserting she's nearly crippled.

Similar scenarios could occur with [workers' compensation injury claims](#) such as a purported crash victim who makes inflated claims for chiropractic treatment until his fitness device shows he lifts weights at the fitness center each morning.

Consider a homeowner who says he wasn't near his home during a suspicious fire, but his smartwatch geo-locator places him in the neighborhood when the fire breaks out. In one case, a Canadian attorney is using Fitbit personal-training data to try and prove his client *didn't* fleece an insurer.

The market for wearable devices is projected to triple to more than [\\$25 billion](#) in the next five years. That's up from 84 million units in 2015, and expected to spike to 245 million units in 2019.

3. Drones. These airborne eyeballs can unearth clues after storms or other natural catastrophes. They can also verify workers' compensation and disability claims.

[Commercial sales](#) are projected to reach 2.7 million units in 2020. It is the most dynamic aviation growth sector, and insurance will be one of the largest markets.

A drone can gather important ground-level data immediately after a weather event, and forward it for real-time analysis. Drones can provide high resolution, close-up views of roofs, siding, windows, gutters and other components, providing answers to questions like: How damaged was a claimant's house after a hailstorm, and was any damage preexisting? Did the damage happen at all? Drones can also be especially

helpful to short-staffed insurers after major storms.

Data captured during or after a suspected home arson can help investigate why the blaze spread. Was it wind and ventilation or fuel? Was there an outside catalyst such as a fraudster with gasoline?

The FAA has been approving insurer applications for drone use for some time and these airborne tattlers are poised for expansive use in claims, risk assessment and anti-fraud work.

4. Dashcams. These onboard digital eyes are popular in Russia, and many people there consider it a blood sport to leap onto hoods of moving vehicles for false injury claims.

Dashcams are slowly gaining acceptance in the U.S. private-passenger market. They have great potential to head off setup crash injuries and expensive bad-faith lawsuits because insurers can gain an objective car's-eye view of road activity.

Byron Fulghum was involved in multiple crashes in North Carolina. His [dashcam video](#) allegedly shows him appearing to set up crashes. Another allegedly shows Fulghum intentionally veering into an elderly woman's car and making her vehicle flip.

Video evidence can unearth [staged crashes](#) on roads and in parking lots. The same is true with Russian-style pedestrians who barge onto hoods. From a deterrence standpoint, drivers may think twice if they know their dashcam may capture their antics.

Usage and anti-fraud impact should [increase](#) as prices for the dashcams drop, drivers get excited about using them, and if insurers offer premium discounts.

3 management challenges

Despite these technological advances, there are several factors that make them targets for hackers or create issues that require careful consideration.

1. Privacy. A world with billions of sensors tracking our daily lives inspires vigorous debates about claimant privacy boundaries. Courts already allow fraud fighters wide access to a claimant's social-media accounts. A supposedly injured worker's Facebook photos of his marathon or karate workouts are fair game for investigators.

What about Fitbit data or other personal-tracking wearables? Are there HIPAA barriers to obtaining medical data from such devices? What privacy limits will drones generate?

Managing public perception of insurers as Orwellian invaders of people's lives will be equally important. In fact, [82 percent](#) of American adults are concerned about how wearables will invade their privacy. Expect new laws, regulations and court decisions along with vigorous ethics debates.

2. Security. Databases full of private information will be tempting targets for hackers. Securing information is a major challenge of an insurer's connected world. Compiling data is one thing; keeping it safe is another. Some tech-skilled insureds might try to alter claims data by hacking their own or others' devices.

3. Big Data. Insurers that figure out how to seamlessly store, analyze and act on those petabytes will have an advantage over fraudsters. Imagine data several degrees of magnitude larger as digital connectivity increases throughout people and devices. Then again, imagine claims and anti-fraud decisions several degrees of magnitude more-efficient and accurate.

Making sense of the petabyte data gushers of the IoT will be a forward-thinking challenge of the first order for fraud fighters. The secret sauce? Enterprise. Anti-fraud efforts should seamlessly sync with an enterprise-wide commitment to the people, technology and prodigious data required to make the fast-emerging IoT era a digital frontier of boundless complexity and opportunity.