

Vero Investigations – combating fraud from the inside

Insurance fraud costs Australian insurers approximately \$2.1 billion per annum, according to UK based research firm, The Economist Intelligence Unit (EIU) 2005. Fraud in the insurance industry can range from extra items added to a burglary claim (embellishment) to staged motor vehicle accidents.

No matter what the fraud crime is, Vero's internal counter fraud unit - Vero Investigations, is well positioned to detect insurance fraud. Traditionally, the investigation of insurance claims is and has been outsourced to external firms. However, Vero has maintained an internal fraud investigation unit since 1993 and based on performance has delivered more benefit than a totally outsourced function.

Providing counter fraud services across the Promina group, Vero Investigations undertakes general insurance investigations at Vero, as well as specialist investigations for Shannons, APIA, Deposit Power and Asteron.

Vero Investigations strive to sort the genuine claims from the fraudulent ones. This helps keep premium rates stable for policyholders who are often the hidden victims of fraud. The team have developed a method of fast tracking genuine claims by conducting 'desktop' investigations. It only takes a few calls and inquiries to identify the validity of a claim, therefore expediting the payment of genuine claims.

Allison Prince, Head of Claims Services at Vero said the claims team has refined their process and procedures and introduced new tools to identify fraudulent claims.

"Our fraud investigations unit uses a comprehensive and claim specific 'fraud indicator program', which is embedded into the claims handling process. This tool has improved the overall claims service delivered to the customer and the detection of fraud has increased 168% since 2003," Allison said.

The Vero Investigations team is made up of experienced and skilled counter fraud experts. Many have ex-law enforcement backgrounds with specialist skills in criminal investigations and surveillance techniques. However, identifying fraudulent claims and successfully managing fraud problems takes teamwork, collaboration and commitment across many divisions.

The investigation process starts with the Vero First Response Unit (FRU). A claims specialist uses the fraud indicator program to identify a suspicious claim, triggering a referral to Vero Investigations. Other people who assist the investigation process range from document examiners, fire investigators, accident reconstruction experts, underwriters and legal experts. Vero Investigations also works closely with State and Federal law enforcement agencies to investigate fraud crimes. The investigators work closely with the Vero claims staff in each State to manage claims through to completion. The process of detecting fraud does not stop at FRU, it continues throughout the entire claims handling process.

Fraud has been present in the community for many years – even centuries. However, more recently a new wave of fraud crime has arisen. Identity fraud and

theft. Identity fraud occurs when someone in the community has their identity stolen or it is used illegally to commit fraud and thefts on private or public sector organisations. This type of fraud has been increasing over the last five years. State and Federal law enforcement agencies take identity theft crimes very seriously and Vero Investigations works closely with them to assist this process.

While the types of fraud may be evolving, an investigator's job is also changing. In some ways the detection of fraud is becoming easier with the advent of technology. For example, the 'smart' technology currently being used by Vero Investigations is helping to achieve some excellent results. Data Mining techniques, one method used by Vero Investigations, extracts and analyses large volumes of data, delivering important links and patterns. These techniques are extremely beneficial when sorting through large amounts of data to detect patterns, which is critical in any fraud investigation.

A more recent initiative by Vero Investigations has been the development of an internal fraud intelligence capability. Fraud data collected over several years is centrally recorded and can greatly assist the investigation process.

Fraudulent acts may have a flow-on effect of increasing insurance premiums, but with an efficient and dedicated fraud investigations unit these acts can be detected so innocent consumers do not pay for the fraud crimes of others.

A specialist fraud team, the introduction of the fraud indicator program, improved technology, intelligence gathering and the teamwork and coordination of many divisions will ensure the continuing success of Vero Investigations in the fight against insurance fraud.

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