

InsurTech ups the ante in the fight against fraud

Shift Technology is fighting fire with fire when it comes to exposing those who would exploit the system.

According to the US National Insurance Crime Bureau (NICB), more than 60% of insurers maintain that insurance fraud has increased over the past three years – while an increasing number of companies are using automated systems to detect wrongdoing, including predictive modelling and link analysis.

And according to Jeremy Jawish, CEO and co-founder of Shift Technology, the best way to fight fire is with fire.

Shift is an InsurTech based on fighting insurance fraud through the use of technology, especially artificial intelligence. The company, which was founded in 2014, has made significant strides in the past year, including the opening of a US office in Boston and partnering with the NICB, granting it access to data that would otherwise be difficult to acquire.

The shift to digital technologies – including claims made without the presence of an adjuster and other attempts to make the process more convenient for the end consumer – have led to a change in how fraud is committed. “In the insurance market, carriers are looking more and more into digital transformation, which has been talked about for several years – but now it’s becoming a reality,” says Jawish. “As more is being done online, the types of fraud are changing.”

Fraudsters, he explains, are changing their behaviour: “They can more easily make fake claims because everything is online. This is why our customers

are asking us for new types of products, and why in some cases we can even help them with things besides just fraud detection.”

For clients like that, Jawish adds, “we can automate claims as well as help improve their combined ratio. We have the ability to give fraud handlers a powerful support tool, and we’re not only helping identify the fraud but helping our customers act upon it more efficiently.”

Insurance fraud costs the non-life industry more than US \$40bn, according to the FBI. Jawish believes that Shift Technology can help plug that gap.

“What we saw at Shift is that we were able to detect enough fraud to increase our clients’ impact rates (the number of claims investigated, determined to be fraudulent, and not paid) between 1% to 2% of all claims.

We even have some clients achieving impact rates as high as 2.5%-3% of all claims. If you can consistently get up to 2%, that’s a lot of money.”

Data from the NICB shows that nearly one-third of US and Canadian insurers were facing fraud equal to 20% of their total claims costs.

Worker’s Compensation and Auto insurance fraud were two lines of business noted to be of greatest concern for insurers according to the NICB, with organised crime rings and individual scamming of nearly equal concern.

According to Jawish, Shift is equipped to handle both professional fraud, as well as scams from opportunistic individuals, with the ability to gather information on a wide range of business lines as well.

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