

To Catch a Fraudster

FRAUD HAS BEEN A COSTLY PROBLEM FOR INSURERS FOR AS LONG AS MOST PEOPLE CAN REMEMBER. HOWEVER, NEW TECHNOLOGY IS MAKING IT EASIER TO DETECT AND PROVE THE DEVIANT ACTS.

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We've all been there: you finally took that big trip and can't wait to share your jealousy-inducing pictures across all your social channels. You just had the experience of a lifetime; it's only natural that you want your friends and family to share in the excitement.

And truth be told, your online community may just be as excited to view those photos and watch your life unfold as you are to share them. Most individuals are extremely busy, and while there may not be enough time in the day for regular visits with everyone who's important in their lives, there's a strange comfort in knowing that photos, videos, and status updates from family and friends are only a click away.

Yes, social networking has certainly changed the way society interacts. And as time passes, the amount of information being shared through social channels has only increased.

"People have an irresistible impulse to share their lives in public," says James Quiggle, the Coalition Against Insurance Fraud's director of communications. "It's how millions of Americans are wired today. They cannot resist placing their names, activities, photographs, and vacations all over their Facebook, Twitter, Instagram, and Reddit sites for all their buddies to see. It's simply how people interact today."

On occasion, this impulsive need to share leads to oversharing, a word that is usually construed in a negative sense. Yet, in terms of social media and the insurance industry, oversharing has paved the way for investigators to uncover fraudulent claims. With an estimated \$32 billion in property/casualty insurance fraud per year, according to the Insurance Information Institute, every avenue of fraud investigation and discovery plays an important role – and social media is no exception.

"Social media investigations are very effective ways to help confirm whether a claim is accurate or whether it's suspicious and deserves further investigation. So, it's a great truth-getter for fraud investigators," Quiggle says.

While investigators have been searching social media as a means of fraud detection for years, the tools involved have become more sophisticated and readily available. What started as manual searches has evolved into software specifically developed to simultaneously search multiple social media sites based on the investigator's search parameters.

These software applications can run facial recognition, chain together check-in locations to create a GPS trail, and search post and status-update history for key words or phrases. One reason these tools have such powerful impacts is because the information gathered doesn't just come from a person of interest but from his or her family, friends, or acquaintances. Often, there is data

about a person floating around on the internet that he or she has no clue even exists. But if the information is out there, investigators can surely find it.

In our highly connected society that is always one step away from the next technological

advancement, fraud detection through social media is only part of it.

Quiggle shared a recent example of how technology was used in a new way to disprove a fraudulent claim. Authorities obtained a search warrant to pull data from a claimant's pacemaker after noting inconsistencies with his account of events after his house caught fire. The man claimed to have tried to save some of his possessions, moving several heavy objects from his home within a short period of time after the fire broke out. Through information gleaned from the pacemaker, a cardiologist determined the claimant's version of events was highly improbable given his health condition.

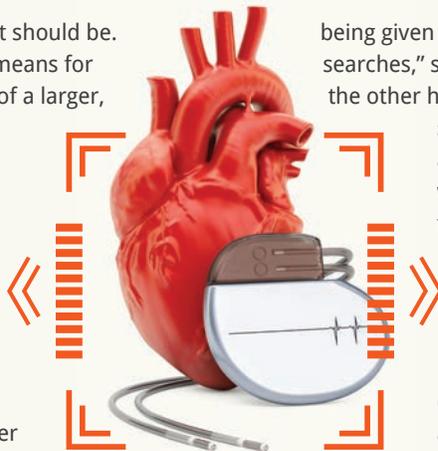
While technology such as the pacemaker can aid in fraud investigations, investigators should be mindful when establishing search parameters and determining the depth of information they seek to uncover. Just because information can be obtained doesn't



necessarily mean that it should be. Using technology as a means for fraud detection is part of a larger, complicated privacy issue. The balance between conducting a thorough investigation and protecting an individual's right to privacy is a delicate one.

The privacy issue came to light in the pacemaker case, as the defendant argued that the data was obtained without his consent and infringed on his medical confidentiality. Ultimately, the judge deemed the data admissible in court. These types of cases have generally gone in favor of investigators, but as a growing number of similar cases enter the courts, privacy advocates will continue to push for stricter regulations.

"I'm not sure that privacy advocates are especially happy about the wide latitude



being given to social media searches," says Quiggle. "On the other hand, this helps solve a legitimate and costly crime while still protecting the normal privacy rights of claimants."

When using technology as a means for fraud detection, there are a few considerations for insurers. "You

need to start with an investigator who can frame the dimensions of the search and [determine] what the clues [and] search terms are," says Quiggle.

Geoff Baker, deputy director of the Idaho Department of Insurance and former director of compliance for NAMIC, agrees. Baker says that in terms of technology use in fraud investigations, there are questions insurance companies should ask themselves before launching

an investigation. "Are the claims personnel trained well enough? Do they know what they are looking for? Do they know how to do it?" he says. "Or is it something they should be referring on to their special investigations unit?"

Baker points out that while there are a lot of tools available to assist in investigations, it is easy to go down a rabbit hole and base a claims decision on misinformation. This only reinforces the importance of conducting a fair, thorough investigation using a trained professional.

There is still so much to learn about how to effectively use technology as a fraud detection tool while also keeping an individual's right to privacy at the forefront. But as policy is shaped and the industry continues to grow and adapt to changing trends, technology just may become one of the most powerful tools to prevent insurance fraud. [IN]



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