Reduced Fraud

Clamping Down on Fraud

J. Michael Skiba, MBA, PhD, "Dr. Fraud"
INFORM-VP International Counter Fraud

Jeffrey Rapattoni, Co-Chair, Fraud/Special Investigation Practice Group, Marshall Dennehey Warner Coleman & Goggin

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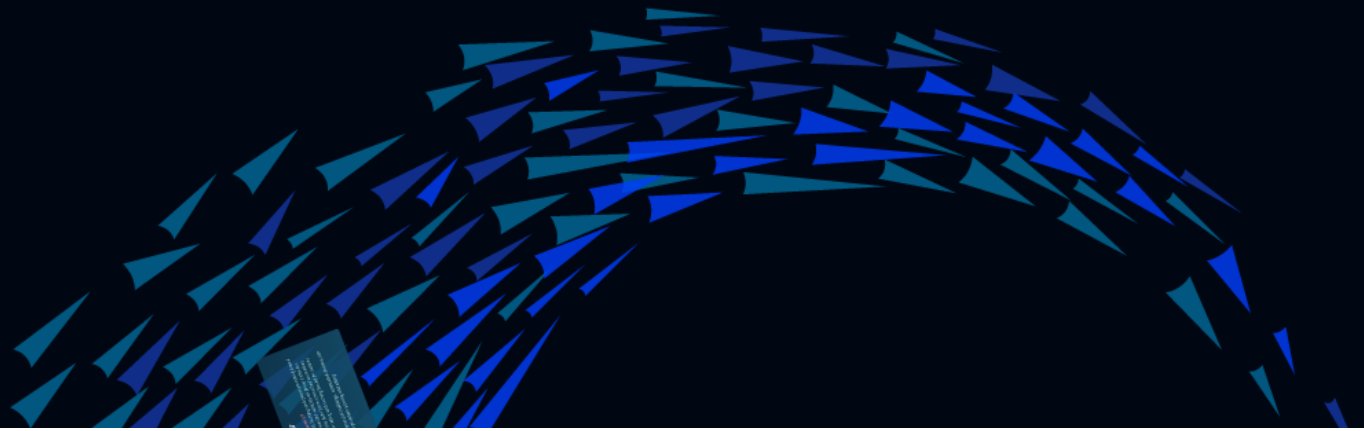
Technology

Strategies

Reduced Fraud



IoT

IoT

Connected Devices?

2018?

a) 10 Million
b) 17 Billion
c) 29 Billion
d) 50 Billion

Connected Devices?

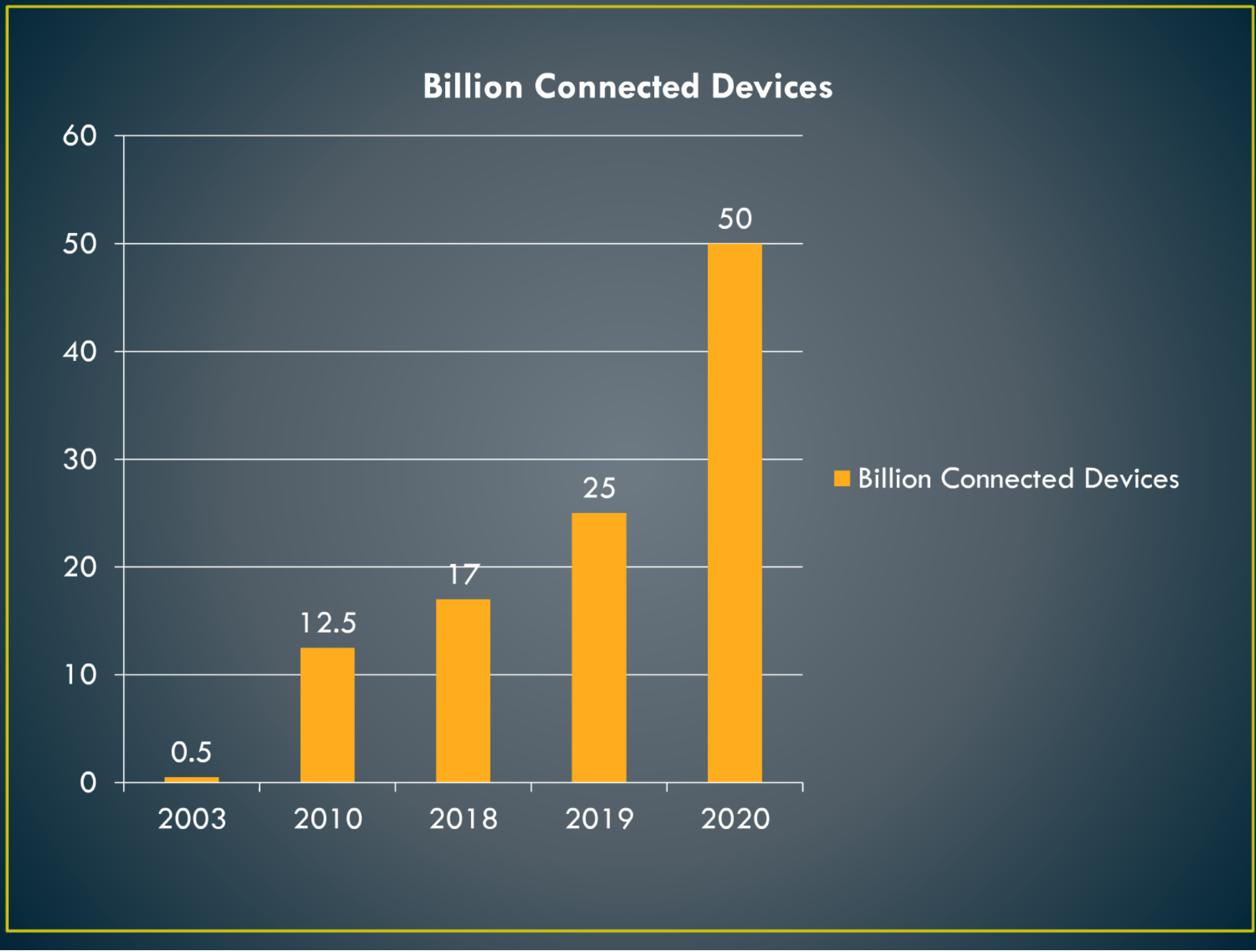
2020?

a) 20 Billion

b) 25 Billion

c) 50 Billion

d) 100 Billion


Billion Connected Devices
60
50
40
30
20
10
0
0.5
12.5
17
25
50
2003
2010
2018
2019
2020
Billion Connected Devices

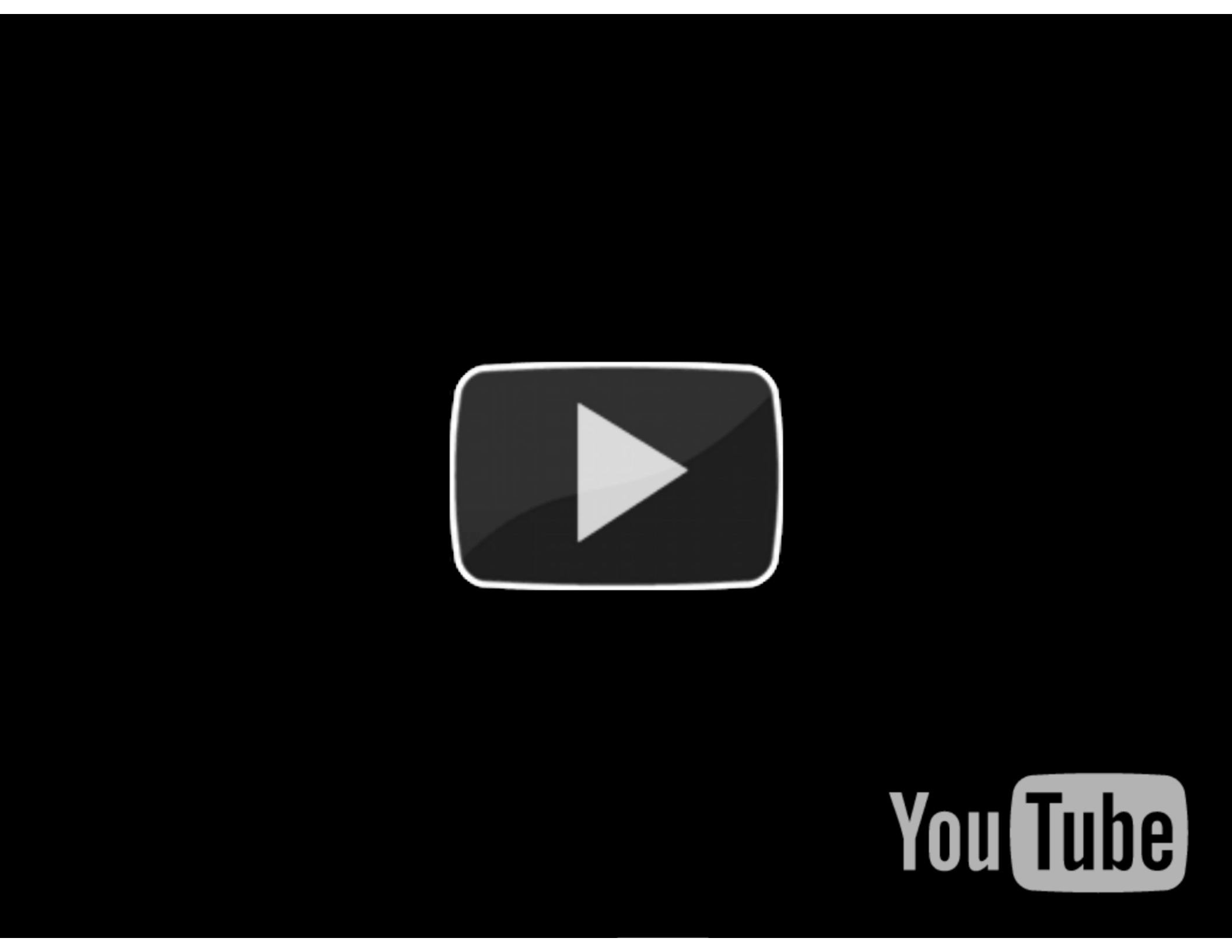
Cost of Fraud

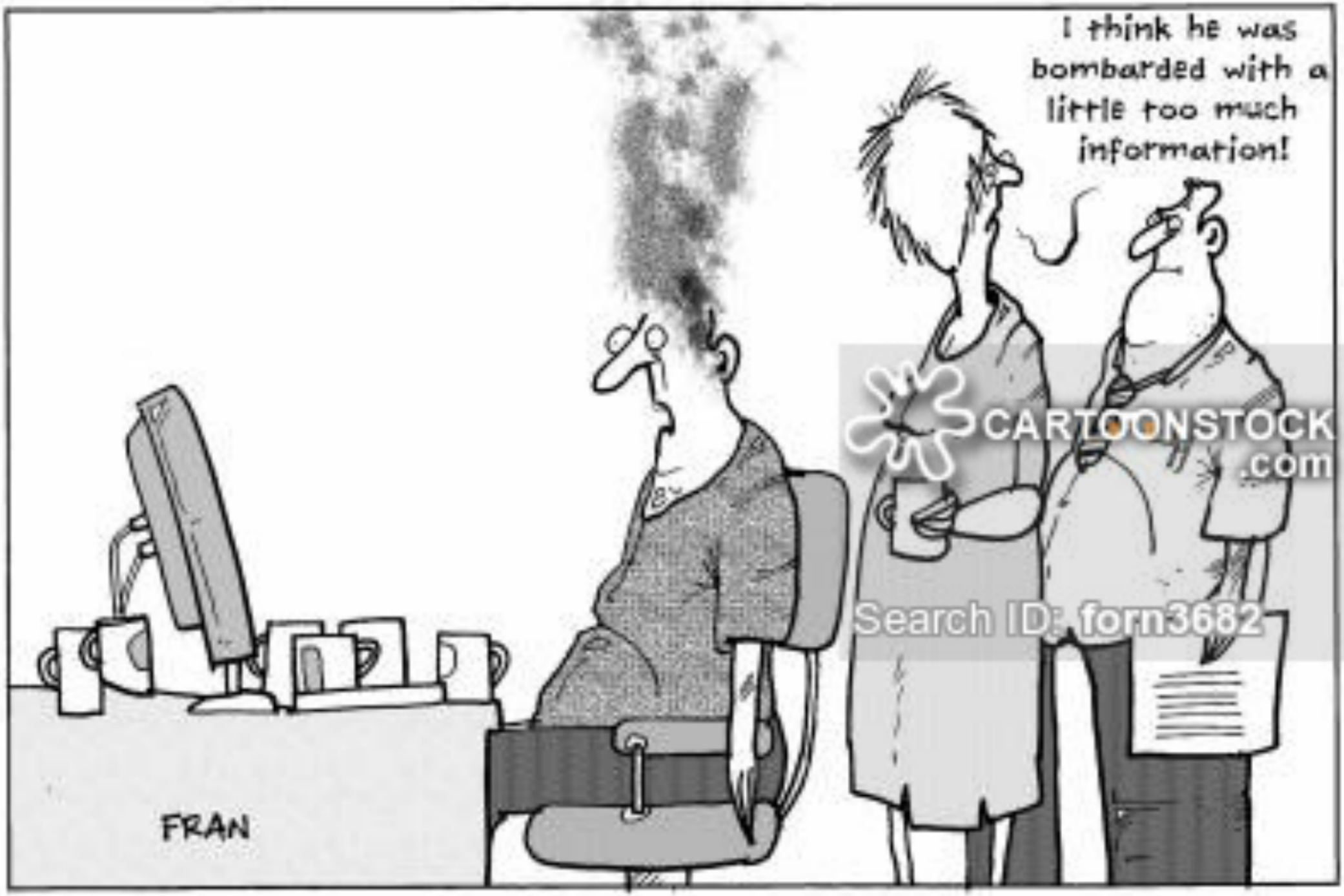
1) What percentage of claims are fraudulent?
2) What is the global cost of fraud?
3) What is the cost per household of fraud?

Cost of Fraud

1) What percentage of claims are fraudulent? 10-20%
2) What is the global cost of fraud? U.S.-$32 Billion, Canada-$3 Billion, Germany-4bn EUR, Sweden detected 40m EUR 2011
3) What is the annual cost per household of fraud? $950

IT ONLY HURTS WHEN I LAUGH...
... ALL THE WAY TO THE BANK!
BOGUS INSURANCE CLAIMS
SCAMMER
$
DAVE GRANLUND © www.davegranlund.com


YouTube


I think he was bombarded with a little too much information!
FRAN
CARTOONSTOCK .com
Search ID: form3682

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Strategies

Front End

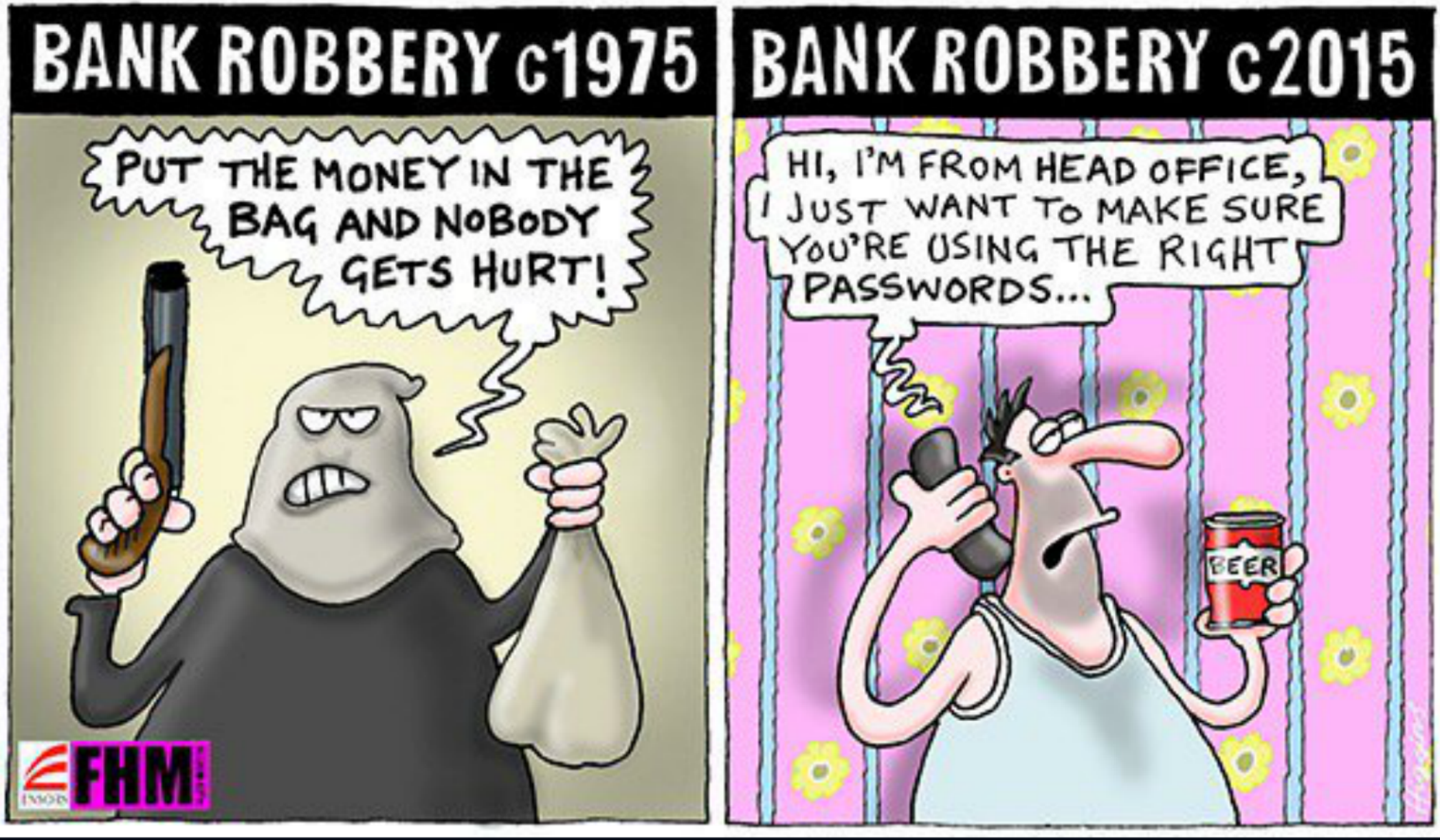
-Need good data coming into system

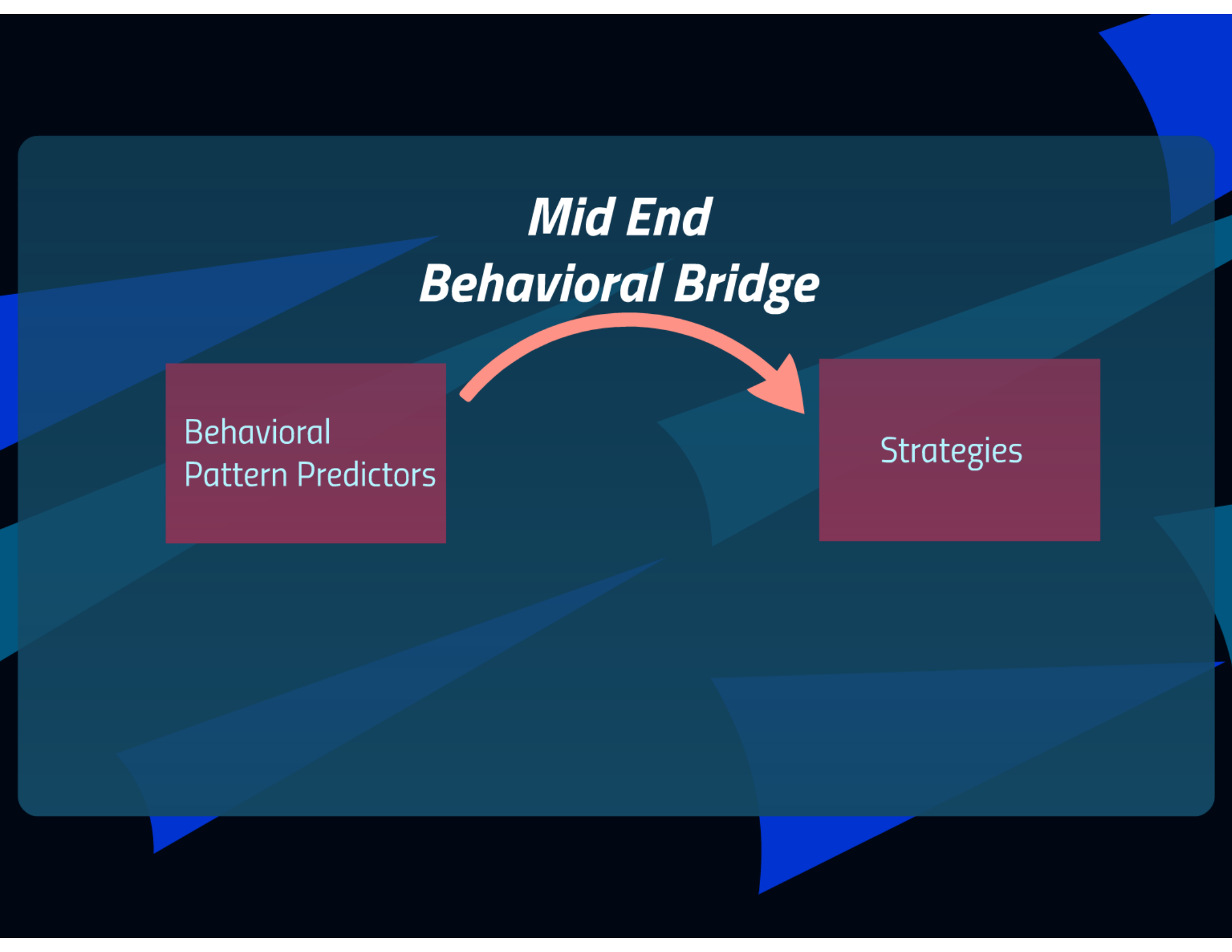
-Encrypted values-carriers need to normalize

"Grandpa says that, in his day, he had to walk 20 miles in the snow just to steal music."

Mid End

- Getting rid of data silos
- Behavioral bridge


BANK ROBBERY c1975
PUT THE MONEY IN THE BAG AND NOBODY GETS HURT!
FHM
BANK ROBBERY c2015
HI, I'M FROM HEAD OFFICE, I JUST WANT TO MAKE SURE YOU'RE USING THE RIGHT PASSWORDS...
BEER


Mid End
Behavioral Bridge
Behavioral
Pattern Predictors
Strategies

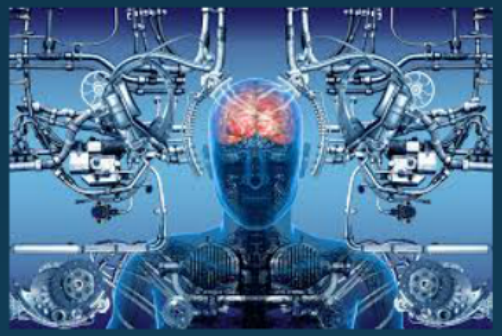
Back End
Reduce Opportunity

- Exploit weaknesses?
- What areas are highest exposure?
- What external factors?

Back End

- Focus on Actionable fraud-pain points-vulnerability assessment.
- Efficiency gains for carriers using analytics
- How has claim environment changed?
- How do high performing carriers use data analytics?

Back End Analyst or Liaison



- Need a human component
- Need monitoring and modification as new trends develop- include them in feedback loop and help drive strategy

Back End
Anti-Fraud Programs

- Must fight technology with technology-manual detection is ineffective
- Fraud can be at any stage-look for vulnerabilities
- Use technology tools--Fuzzy Logic, Machine Learning, Predictive Analytics

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michael.skiba@inform-software.com
www.drfraud.org

Jeffrey Rapattoni, Co-Chair, Fraud/Special Investigation Practice
JGRapattoni@MDWCG.com