

PROJECT SUMMARY
FRAUD INVESTIGATION UNIT – P&C INSURANCE COMPANY

PROJECT TITLE: SPECIAL INVESTIGATIONS FRAUD PROCESS

PROJECT OVERVIEW: A CGN Consulting team worked with the nationwide offices of the Special Investigations Unit within the Claim organization to improve identification and prevention of multi-state claim fraud.

Business Objectives

- Quantify the opportunity for cost reduction as a result of improved fraud prevention
- Review metrics and develop alternate measures of fraud investigation unit success
- Identify data/benchmarks to be used to determine when claim fraud was occurring
- Discover how to determine if there was organized fraud across state lines
- Analyze the current organizational structures, operating models, and key performance challenges; identify various alternatives for direct improvement
- Recommend optimum organization and staffing level for Special Investigation

Methodology

- CGN collected and analyzed benchmark data from the National Insurance Crime Bureau (NICB) to determine if the level of non-meritorious claims being identified within this company's claims system was equivalent to that identified across the US in other companies of that size
- Dashboards were developed to track claims by region and metro area, and report trends in fraudulent claims tracked against benchmarks
- A Fraud Lifecycle predictive model was developed to enhance the early detection of fraud activity
- A shared database was developed to enable the company, for the first time, to spot activity being perpetrated in multiple jurisdictions
- A business case was developed for a centralized Multi-Claim Investigation Unit to pursue fraud across state lines
- An activity analysis was conducted to determine required staffing levels for Claim investigation in general, and for the fraud unit. An organization design was developed for the new unit

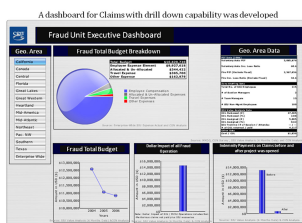
PROJECT DURATION:

March – June, 2007
 (3 months)

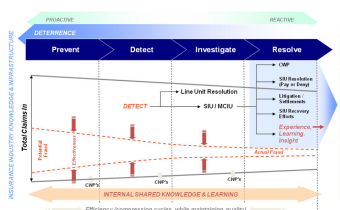
RESULTS:

- Quantified the opportunity associated with reduction in the payment of non-meritorious claims (\$60 MM per 1 percent reduction)
- Designed an organization to aggressively pursue this opportunity, redeploying and repurposing existing resources to the extent possible to maximize ROI of the new unit
- Deployed tracking dashboards and recommended a series of measures to significantly enhance awareness and vigilance throughout the Claim organization
- Created a strategy map with goals from short term to a three year planning horizon, and linked to enhancing long term policyholder value

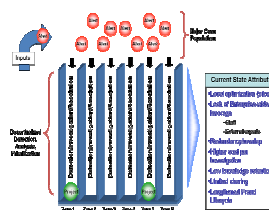
CLAIM DASHBOARD



LIFECYCLE MODEL



INTERSTATE ANALYSIS



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