



BRINGING 21ST CENTURY
SOLUTIONS TO A WORLD
OF AGE OLD PROBLEMS

Winter 2010

Upgrades and Expansions mark Colombian success story



Managing Director, Kerry Furber, talks about DigiLog's exciting work in Latin America

Since September 2007, we have been working in Colombia with a leading financial services group alongside our Latin America partner, DigiLog LA. Our work originally began with the deployment of our anti-fraud AVS solution for our client's insurance practice, with impressive results and an ROI rate of nearly 50:1.

Following on from this initial success, the group has introduced the technology across its operations and currently employs 16 different AVS solutions, tackling major business issues such as loan application screening, debt recovery and anti-money laundering. In July this year, we supervised the training of its staff in a successful upgrade to our new AVS:RiskMaster platform.

At the start of 2009, our client piloted AVS in the loan and leasing areas of its business to screen conversations with both applicants and guarantors associated with loan applications. The client had experienced significant problems in this area where crime and misrepresentation was commonplace, such as: guarantors misrepresenting what they knew about the applicant or had been 'hired' as a false guarantor. As a result of these problems, their loans

department had typically experienced a 20% default rate on loan repayments.

During the AVS pilot phase, the client witnessed an impressive drop in the loan default rate to 0.064%, with just one default out of 1,563 loans granted under the AVS process. Now, in the first half of 2010, our client plans to significantly expand AVS, rolling it out across its retail banking operations, to include the screening of credit card applications, customer statement disputes, staff recruitment and internal investigations.

DigiLog LA is also in advanced discussions with two other major financial services companies, as well as on the verge of commencing a new project with a top Colombian bank. Discussions are well underway in the public sector too, with three departments of state looking to deploy AVS to improve its handling of benefits and compensation.

It has been a fantastic year for DigiLog's Latin American operations, which looks set to grow in 2010. With talks also commencing in India, and our ongoing success in the UK, DigiLog continues to expand as a respected global business.



Hibernian Aviva announces claims pilot



DigiLog is pleased to announce a new pilot scheme with Hibernian Aviva to tackle the stubborn issue of fraudulent claims made by policy holders. The firm is the Irish subsidiary of Aviva, the UK's largest insurer.

With claims fraud rising steeply during the recession, Hibernian Aviva has begun testing DigiLog's AVS process as part of a wider strategy to combat fraud. A spokesperson for the firm – which covers 1.2 million policy holders in Ireland – explains: *"We have invested heavily in anti-fraud measures over the years and continue to do so. Fraud prevention and deterrence is a central component in helping us keep insurance premiums at a low level."*

For Hibernian Aviva, a principle aim of the project is to filter and fast-track *genuine* customer transactions more swiftly, by enabling its call handlers to assess more quickly the validity of the claim. The intention is to improve consistency and service for customers, while setting in place appropriate levels of resistance to fraudsters.

While statistics from this pilot are not yet available, DigiLog is confident its technology will meet the demands set by Hibernian Aviva. Lior Koskas, DigiLog's Business Development Director, enthuses: *"We welcome the chance to work with one of Ireland's largest insurance companies as part of the ongoing expansion of DigiLog's operations. The AVS technology has already produced impressive results for our existing customers and we look forward to generating similar results for Hibernian Aviva."*

Ministry of Justice reforms claims

Last month, delegates from the insurance industry attended the *Insurance Times* 'Claims Clinic'. Panellists from DigiLog, Axa, Keoghs LLP, and *Insurance Times* discussed the likely implications, and opportunities, arising from forthcoming Ministry of Justice reforms. The proposals, which come into force on 6th April 2010, will reduce the window for determining the liability of claims from between 60 and 90 days, down to just 15.

Don Clarke, Director of Strategy at Keoghs, and Matthew Scott, Head of Liability Claims at AXA stressed that whilst the change would pose a significant challenge to insurers, it would also give them a reason, and the opportunity, to improve the handling of claims.

However, attendees expressed considerable concern over the rising cost of insurance fraud and the implications of the 'reduced window' for identifying fraudulent claims. Lior Koskas, DigiLog's Business Development Director, responded to these concerns, urging that now, more than ever, the industry must invest to deal with individual (and often opportunistic) fraud.

Opportunistic fraud accounts for around 90% of all insurance fraud. The perception that falsifying claims is an 'easy' or 'victimless' crime has resulted in between 10%-20% of otherwise legitimate claimants misrepresenting the facts in order to secure higher compensation.

This level naturally rises in times of economic hardship, at considerable cost to the insurance industry. Lior advised insurers, *"You need to take advantage of the claims technology that is in the market. This is where you are going to get your savings in terms of fraud protection."*



DigiLog's own AVS technology has detection rates of between 15%-30% for fraudulent motor claims, and as high as 45% for property claims, giving insurers a significant opportunity to reduce leakage through opportunistic fraud. In some instances, insurers have experienced an impressive return on investment of around 40:1 per annum.

A popular misconception is that technology will slow down the delivery of a fast and efficient claims process, but good technology actually allows genuine claims to be fast-tracked, improving both customer service and efficiency. Lior explained at the clinic how *"DigiLog's AVS process allows insurance companies to identify fraud more quickly, whilst placing genuine customers on a fast-track"*.

The benefit here is twofold. First and foremost, the increased speed with which companies can identify potentially fraudulent claims will help them meet the 15-day deadline imposed by the Ministry of Justice reforms. Secondly, by 'fast-tracking' legitimate customers, they deliver the much-improved claims experience they seek for the customer. And, with around 25% of policy holders failing to renew with their insurers as a result of perceived poor customer service, improvements in this area are essential for client retention. As Lior neatly put it to the clinic, *"it's a win-win situation"*.



DigiLog's Swift-Screen lifts off in pre-employment screening.



Having started out in insurance claims, DigiLog's success has seen it branch out into new areas and tackle new challenges. Matt Franklin, Head of Operations at DigiLog, talks about the application of AVS technology to the recruitment process.

With the growing number of applicants per position on the rise, companies are under increasing pressure to come up with new and more effective ways to select the best candidate for the job. However, more detailed scrutiny of applicants usually involves more time and cost – and often fails to combat one problem in particular: candidates sometimes lie.

Recent research by The Risk Advisory Group (TRAG) found that 65% of CVs contained false information, whilst an earlier report in 2006 by Cubicks advised that around 86% of employers suspect CVs and application forms they receive are not entirely truthful. Even checking references can be unreliable, according to TRAG, with seven in 10 applicants having asked a friend to act as a referee.

DigiLog has recently developed its "Swift-Screen" solution, which applies its AVS technology to the pre-employment process. Deployed at the front-end of the recruitment procedure by way of a telephone interview, Swift-Screen provides an 'intelligent script' and voice risk analysis to probe the validity of information given, or other areas such as their commitment to the job. By giving potential applicants a detailed impression of the job specification and probing their attitude towards the role, DigiLog's AVS technology is able to hone in on the most suitable candidates for the position. As this happens before any face-to-face assessment, it also allows for time to be more productively spent by companies on a smaller pool of higher-quality potentials.

DigiLog is now receiving a growing number of enquiries from at home and abroad for this solution and already launched the process for 2 UK customers. It is clear that companies have a variety of risks that they are looking to mitigate through their recruitment processes, these include risks relating to: the integrity of disclosures relating to criminal history and prior experience/qualifications; staff using certain employment opportunities merely as a short-term stop-gap before moving on to better things or as a pocket money earner before setting off back-packing (this appears to be prevalent within customer service / telesales environments); candidate suitability for the role being applied for; and even candidates who, after passing a pre-employment interview, agree to attend assessment centre appointments but who simply do not turn up - causing substantial wastage of resources allocated for conducting that assessment. One telephone based, Swift-Screen interview can assist in all of these areas and more.

Companies also believe that the audit trail the screening produces will be positively received by the regulator.

Watch this space as DigiLog expands into HR. We are now in discussions about Swift-Screen with a major European telecoms company, a leading UK Bank and Financial Services giants in Latin America.

For more information about DigiLog's Swift-Screen solution, please email us at:

enquiries@digilogUK.com



DigiLog grows range of available AVS solutions

Public Sector Solutions
Banking: Disputed Transactions
Guarantor Verification
Loan and Leasing Applications
ABSENCE MANAGEMENT
Insurance: Proposals & Claims
DEBT MANAGEMENT
CREDIT CARD APPLICATIONS
INVESTIGATOR TRAINING
Pre-employment Screening
LAW ENFORCEMENT INVESTIGATIONS

Anti-Money Laundering
Internal & External Audit

In the broader financial services sector, AVS is now used to verify personal and commercial credit, loan and leasing applications, as well as in auditing loan agents and assessing the integrity/status of guarantors. In addition to the above, solutions for retail banking include identifying risk in customer – disputes over financial transactions or statements.

Furthermore, AVS can contribute powerfully to fraud and theft investigations as part of both internal and external auditing procedures. The solutions has also delivered impressive, widely publicised results in the Public Sector, where its implementation has aided the corroboration of claims and applications covering housing benefits, council tax, and job-seekers' allowances.

Finally, the AVS Swift-Screen solution is paving the way for significant improvements to be made in the recruitment process at the pre-employment screening stage.

The versatility of AVS has seen our range of solutions expand significantly in recent times, delivering impressive results and vital efficiencies to a wide range of sectors.

Within insurance, we have a broad range of General and Life Insurance solutions, encompassing both personal and commercial lines. These include solutions for validating applications and claims, spanning Motor, Property, Creditor, Travel and Product insurance. In the Life market, we offer solutions for Life and Pension applications, Income Protection, Health and Medical Expenses claims.

The ability to tailor our AVS process to tackle specific business problems leaves us in no doubt of DigiLog's growing relevance as it broadens its range of solutions to meet risk assessment needs in so many important areas. If you have a problem and think we may be able to help, please do not hesitate to contact us at enquiries@digilogUK.com.

Insurers Beware: Cash for Gold Scam!

These are undoubtedly hard times, and with gold prices at their highest in decades, many people are looking to raise cash by selling their old, damaged or unwanted gold in an effort to make ends meet. Unfortunately this has spawned a variety of scams that consumers and insurers really do need to be aware of.



Consumers can fall easy victim to the Media ads claiming to give top prices for unwanted gold, but a little internet research will reveal that many folk are being disappointed or even ripped off via undervaluations and claims that gold packages sent in the post were never received, etc. – despite the package having been signed for by the dealer! I guess that is the risk people take and, as ever, the buyer needs to be aware and take appropriate action against the unscrupulous. However, insurers need to know that they too are exposed to the risk of being the cash cow in the golden triangle of deceit.

How easy is it for consumers to merely claim to their insurer that gold or other items of jewellery have been lost or stolen in unclear circumstances? If the values are not extraordinarily high, what can insurers cost effectively do to challenge these claims effectively? More often than not, the answer can be summed up perfectly by that master of *disappearing jewellery* magic, Paul Daniels: "Not a lot". Well at DigiLog, we know that there is a great deal that you can do – and very cost effectively too. AVS is the ideal tool for revealing risk in potentially fraudulent claims, enabling you to concentrate your validation activities on those cases that really are high risk. Our proven techniques will help maximise the detection and go-way rates of fraudulent claims, whilst maximising the customer satisfaction of genuine claimants by opening up routes to true and confident fast-tracking. This is now a worldwide problem. Please contact us at enquiries@digilogUK.com for more information on how to prevent your organisation falling victim to the ever rising tide of insurance fraud.



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