



Patriot Claim Validation Platform – Savings Calculator

Fraudulent mobile phone claims could be costing you a small fortune.

This short paper provides i. A brief overview of the problem of mobile phone claims fraud, ii. The basic numbers required for estimating the size of the problem inside your business and the savings obtainable through the use of Patriot to validate your mobile phone related claims.

MOBILE HANDSET INSURANCE CLAIMS FRAUD – A BRIEF OVERVIEW

There are more than 60 million mobile phones in the UK they are becoming more of a fashion and status symbol than functioning simply as a phone. The cost of the latest smart phones such as the Samsung Galaxy S and the iPhone 4 is almost twice that of a mainstream laptop computer.

The high handset value is forcing the networks to encourage consumers to sign-up to 24-month contracts. With new handsets arriving almost weekly and the high demand for consumers to own the latest device, there is a growing temptation for consumers to misuse their insurance cover to 'upgrade' their handsets on their own terms.

Over 150,000 mobile phones arrive at recyclers and second hand shops daily, a proportion of these will have been subject to a claims settlement.

Until Patriot, it was time consuming, expensive and impractical to validate every claim to ensure that a handset had been correctly reported lost or stolen to the police, blocked on the network and not subject to a claim with another insurer. With the Patriot platform this has changed. Now an insurer can achieve this instantly whilst the claimant is still on the phone.

PATRIOT: A SIMPLE SOLUTION TO A COMPLEX PROCEDURE

In the past, it was not an easy task for insurers to check that a police crime reference number relates to the device being claimed for, or that the crime reference even originates from the police force where the crime was supposedly reported.

Insurers could not validate that a serial or IMEI number related to a specific make and model of handset.

Identifying if a handset has been the subject of other claims was also very difficult to achieve.

To check if a customer, after instructing their network provider to block their handset, has the phone unblocked once the claim has been settled, so it may be re-used or sold for cash, again proved difficult to do.

Patriot provides all this functionality at speed, and in addition, by simply recording a message on an insurers IVR system, stating that all mobile phone claims will be validated against the police national stolen items database has led to a 15% increase in "walk-aways".

SIZE OF THE PROBLEM SET TO INCREASE

The cost of fraudulent claims of mobile devices to insurers is largely dependent on the volume of claims that include a mobile device of value.

In terms of fraud, the growing challenge to the insurer is due to the convergence of four trends:

1. Customers locked into long-term mobile service contracts
2. Insurance products becoming more claims-restrictive (i.e. higher excesses in the first year)
3. The cash or resell value of mobile devices is increasing
4. Due to more functionality e.g. Wi-Fi, mobile devices no longer require a SIM card to be desirable

ESTIMATE YOUR SAVINGS FROM USING PATRIOT

PART 1: THE SIZE OF THE PROBLEM

Consider:

- The number of claims across your products that include a mobile device (the service works with any item with a unique reference number e.g. laptops, tablet devices such as the iPad, portable sat nav systems etc.)
- That the average settlement figure for a mobile device is currently £200 and increasing
- That percentage of fraudulent claims fluctuates between 10% and 40%

PART 2: THE IMPACT OF USING PATRIOT

Consider:

- Including a Patriot message on your IVR, could increase 'walk-aways' by around 15% saving not only the replacement cost but also the cost of processing the claim (we will use a conservative figure of 10% for the example below)
- Using Patriot at FNOL stage to help identify fraudulent claims, could reduce these by up to 50% (because this figure depends on other back-office processes, we will use a more conservative 30% figure in the worked example below)

WORKED EXAMPLE

- Number of claims involving a mobile device is 14,000 per annum
- Average settlement figure per mobile device is £200
- Percentage of fraudulent claims is 20% (will rise significantly when new iconic devices such as the forthcoming iPhone 5 and iPad 2 are launched)

Cost of fraudulent claims is	£560k
Cost of fraudulent claims avoided through the use of Patriot IVR message is	£56k
Cost of fraudulent claims avoided through the use of Patriot lookups is	£152.2k
Annual savings are equivalent to	£207.2k
The Annual cost of the Patriot platform for validating 14,000 claims per annum	£36k
The ROI of the Patriot platform is	576%

If you still need convincing, Patriot is currently available to all UK insurers on a free trial basis with no on-going obligations.

To find out more about Patriot, contact patriot@ingenin.com