

AUTO-DETECTION OF FRAUDULENT CLAIMS

This solution leverages Machine Learning & Predictive Analytics capabilities for Fraud Detection to overcome the traditional statistics perspective. This helps for Real-Time processing. The solutions process a variety of data to the algorithm without being judgmental around the relevance of the data elements. It makes use of the knowledge gained through the historical data. It leverages complex algorithms that iterate over large data sets and analyze the patterns in data. The ML model works on a 3 stage cycle Train-Test-Predict. Optimizing the model by continuously adding data & experience makes predictions more accurate. The solution is Self-Learning & Self-Healing in nature which helps in automation of fraud detection (unsupervised ML)

KEY HIGHLIGHTS



Reduce Cost



Reduction in TAT for Fraud Detection



Improve Efficiency



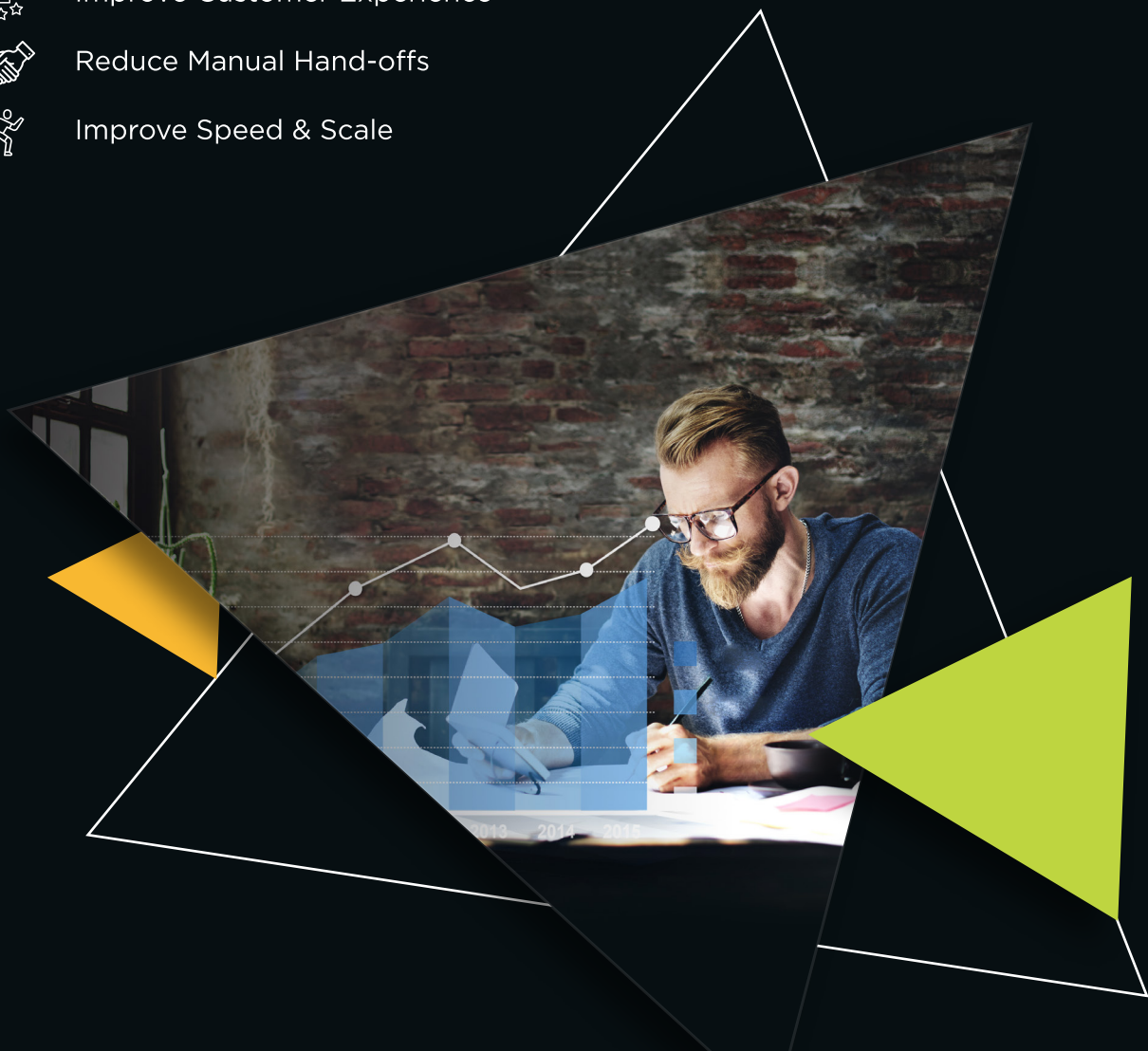
Improve Customer Experience



Reduce Manual Hand-offs



Improve Speed & Scale



Product Features

- Existing knowledge base of fraudulent claims data is used by the AI / ML models
 - The entire process is self-healing in nature (i.e. the real data is used on a periodic interval to train the model)
 - Based on the prior knowledge a prediction is made.
 - Based on the accuracy of the model the process can be fully automated (unsupervised machine learning)
 - Enables Real-time Processing
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Business Use Case

In Insurance domain when processing claims the main step is to determine if a claim is fraudulent or not. The insurance industries across the globe are battling the loss incurred due to fraudulent claims. Insurance Fraud is no longer a victim-less crime, instead it has a cascading impact on all the stakeholders bearing the fraud-loss. Hence there is a great urge & demand to develop a system that can identify potential frauds with accuracy and arrest it at the very initial stage for detailed scrutinization

Business Problem

- Current techniques are based on heuristic model & checklist driven fraud indicators
 - Extensive manual intervention & dependency
 - Inability to create a persona of the customer based on multiple dependent factors
 - No “Single-Go-To-Model” works every time for every customer
 - Manual recalibration of model on a timely basis is challenging and also requires training plans to address such issues in future`
 - Multiple verification steps and is time-consuming
 - Primarily Rules based – helpful in arresting obvious fraudulent scenarios but cannot comprehend hidden & implicit correlations in data
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Business Benefits

- Machine learning can evaluate huge numbers of transactions in real time (in microseconds). It can be extended to adopt advanced models such as neural networks for better accuracy/prediction & faster processing
- Machine Learning prediction quality improves with increased in data sets. Caution required in sanitizing the training data. As an undetected fraud in Training Set can pose a risk for the system to behave adversely
- Unlike humans, machines don't face problems like fatigue or boredom from routine/monotonous/mundane tasks.
- Helpful in detecting hidden and non-intuitive patterns for identifying fraudulent transactions
- Reduce cost for manual verification, review, and training the personnel

For more information, please reach out to contact.lsh@hcl.com



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