



i2 CASE STUDY

"ZURICH FINANCIAL SERVICES OFFERS A PRIME EXAMPLE OF INTELLIGENCE PARTNERSHIPS IN ACTION AND THEIR WORK ON ORGANISED CRIME NETWORKS IS UNDERPINNED BY i2 ANALYST'S NOTEBOOK 7".



Intelligence partnerships in action

Kevin McDonald CFE, Intelligence Analyst, Zurich Financial Services

Background

Zurich Financial Services (General Insurance) adopts an innovative and analytical approach to its investigations, which focus on organised crime in relation to the company. We operate within a traditional intelligence framework and benefit from a multi agency approach. Our partnership agencies include law enforcement and less traditionally obvious organisations. Zurich exemplifies the model of "Intelligence Partnerships in Action" and our work on organised crime networks is underpinned by i2 Analyst's Notebook 7.

We work closely with the Insurance Fraud Bureau (IFB), an industry-wide intelligence bureau dedicated to combating level 2/3 criminality.

Zurich has traditionally taken a different view to the majority of insurers in their investigations into allegations of fraud. Where other organisations contract-out investigation services, Zurich has a dedicated claims investigation unit, comprised of field investigators, a major loss team, telephone investigators, an intelligence team and a CIFAS & Experian Hunter data matching team. The unit also features a dedicated legal advisor and support staff.

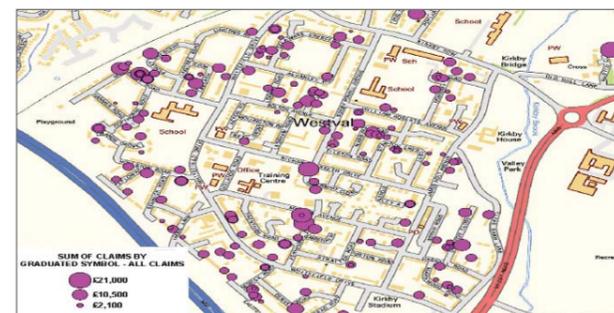
Across all sectors there are insufficient staff and hours in the day to deal with all of the investigative referrals received. The "Intelligence Team" was developed because Zurich wished to apply lateral thought to the way in which it would investigate fraud, seeking to make the best possible use available resources. An additional benefit in adopting the principals of professional intelligence handling, such as the National Intelligence Model, was parity and a natural rapport with intelligence units in central and local government and law enforcement.

We concluded that by applying analytics and bringing in experience from the intelligence community, we could offer significant improvement in the targeting of organised fraud. This approach would also provide opportunities to work in close partnership with others in the insurance industry and beyond. It was also anticipated that the professional use of intelligence would offer greater savings in investigation costs.

Set Up and Progress

Zurich's "Claims Investigation Unit" is staffed by highly experienced investigators, many drawn from a police background. The challenge for the "Intelligence Team" was to establish the key tenets of the National Intelligence Model (NIM) within the business context of a major insurer. We employ approximately 7,000 staff in the UK and have business interests ranging from local authorities to extremely affluent individual customers. Initially the software we had at our disposal was Analyst's Notebook 5; this was installed on one of our old PCs which was not compatible with the high volume of graphics we wished to install. The intelligence team persevered however and secured an early success in

graphically representing the summary of two year's worth of an investigator's enquiries. These focused on a "Claims Farmer" orchestrating "Slip and Trip" claims against local authorities. This information was clearly represented in a link analysis chart. This chart clearly illustrated the fact that the combination of intuitive visual software and an appropriate analytical approach would ensure that the resulting information could be displayed in a professional and clear format. This facilitated improved resource allocation and enabled us to share our finished product with our law enforcement colleagues in a manner which was evidentially secure.

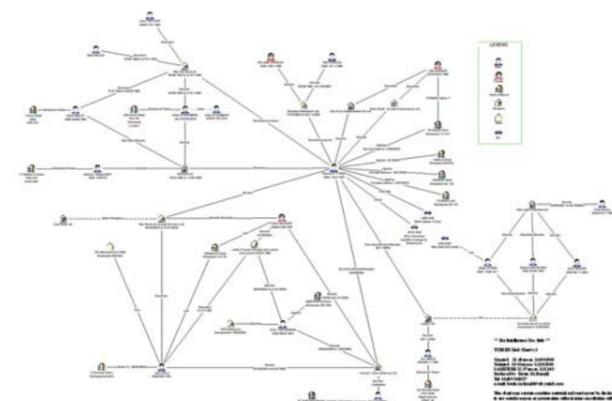
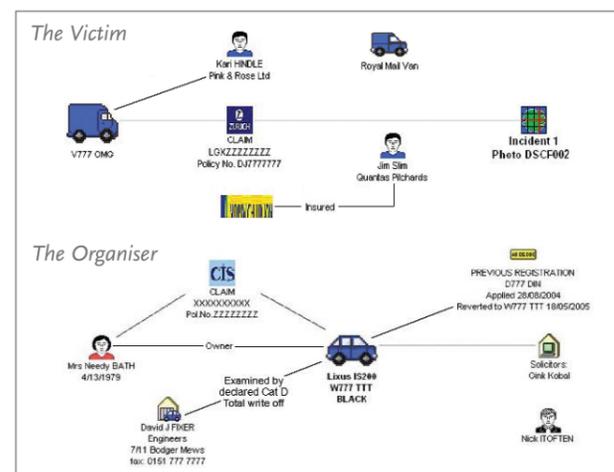


Staged and Induced Motor Accidents

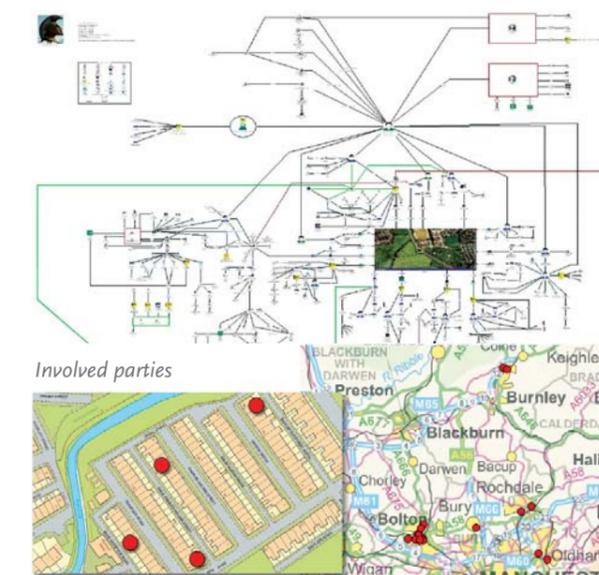
Building on this firm foundation, the "Intelligence Team" was deployed for the first time on a major staged/induced accident investigation. The standard M.O. on this enquiry followed a familiar pattern; commercial vehicles, on the final approach to a roundabout were being forced into a low speed impact into a car that swerved in front of them at the last moment.

Pre-prepared details of the genuine owner or insured party for the vehicle were handed to the victim, and the vehicle that caused the crash was driven from the scene. At the time of the road traffic accident there was a single occupant in the vehicle. Once the victims' insurers were known, at least four other "occupants" made claims for third party whiplash injuries - known as "Ghost Passengers" to insurers.

The third party vehicle, despite being driven from the scene, became a "Write Off" with the facilitation of a dubious engineer's report. The "Business Plan" of those organising these incidents also included legal and hire car fees. This one incident, which at worst caused a small pair scuff to the rear bumper of the third party vehicle, would represent a total cost of £30,000 in costs to the Insurance Industry.



Just a few week's work of the organiser at one location



The organiser of this particular "Crash for Cash" network would think little of inducing a dozen or so of these "Accidents" per day!

Zurich's "Intelligence Team" now works with all internal business units, external partners and an extensive "Intelligence Network" across the UK, Europe and World-Wide. This facilitates the provision of bespoke intelligence and analytical solutions to cases of organised insurance fraud. Intelligence partnerships and innovation are the hallmarks of Zurich's "Intelligence Team", exemplified by our work with the Insurance Fraud Bureau.

The Insurance Fraud Bureau

The Insurance Fraud Bureau (IFB) was launched in July 2006 by insurers to provide a cost effective and tactical solution for the detection and prevention of organised and cross-industry fraud. The IFB has set out from its inception, through the use of professional intelligence techniques, to make an impact into the attacks of organised criminals on the insurance industry. The IFB achieved outstanding results in the first year of operation, having identified actual and anticipated savings to its members of £8 million. The current IFB statistics illustrate that they have continued to make a significant impact on "Organised Insurance Crime":-

The IFB: A summary of results

- 140 arrests
- Convictions and custodial sentences for criminal network organisers
- £15m in savings to members
- 23 Joint police operations
- 9 Development operations
- £5m+ under restraint through proceeds of crime act
- 600+ Intelligence reports on 3,500 claims
- 1,000+ Calls to the IFB cheatline 0800 3282550

The IFB have been pivotal in uncovering organised insurance fraud cases linked to:-

Terrorist Financing / Human Trafficking / Mortgage Fraud / Benefit Fraud / International Money Laundering / Vehicle Theft & Ringing / Investment Fraud / Witness Intimidation / Supply of Firearms.

80% of IFB cases have links to the Supply of Class A Drugs

The collective bargaining power of the IFB has brought tangible benefits to the insurance industry as a whole.

Prior to the inception of the IFB, and the use of analytical software, investigations into organised and staged motor vehicle accidents often made little progress when presented to the police. These investigations had consumed considerable resources and had been diligently undertaken yet provided little in the way of resulting prosecutions.

The IFB familiarise themselves with police force priorities and present well researched, industry-wide profiles of the key participants. This clear and persuasive evidence of their criminality creates a highly professional intelligence package. This intelligence package is highly compelling and difficult for most police forces to dismiss as it is supported by first class analytics and ongoing IFB support, in terms of both research and the provision of further intelligence and evidence.

The IFB were commended recently by Hertfordshire Constabulary for their role in bringing a life-long "untouchable" criminal to justice with a 33 month custodial sentence. The Insurance Fraud Bureau has introduced a professional standard in intelligence. They have achieved this by means of developing dedicated training and support via workshops, participation in the insurance fraud investigators group "IFIG" and via internal training provision. The IFB are providing a long-term and powerful advantage to the Insurance Industry:-

- A. They provide a "Central Intelligence Bureau" function, a single focus for law enforcement on all matters relating to organised crime and insurance fraud
- B. By their adoption of and compliance with the NIM, the IFB provide a central interface with a vast array of law enforcement and government agencies and "Specialist Intelligence Services"
- C. The IFB are driving up standards in relation to the recognition and professional handling of intelligence. They help to facilitate networking and maintain a continuous dialogue between members to encourage a clear understanding of the true scale and nature of organised insurance fraud and how to address it.
- D. By providing a collective representation of the insurance fraud community, the IFB are able to collaborate with the Serious and Organised Crime Agency and other industry intelligence units such as The Association of Plastic and Clearing Cards Service to provide intelligence that would not be available to individual insurers.
- E. The IFB provide hard evidence to illustrate that intelligence-led investigations deliver clear results.

Serious career criminals and their associates are behind bars, the extensive and ostentatious signs of their illegally acquired gains seized under the "Proceeds of Crime Act" and their criminal "business plans" destroyed or seriously disrupted.

The IFB, Zurich's "Claims Counter Fraud Proposition" and the insurance industry have come a long way since the IFB became operational in July 2006, but no one is complacent about the challenges ahead of us.

The IFB is a great example of "Partnership" in the field of counter fraud intelligence and this is mirrored in the day to day enthusiasm of all involved in Zurich's counter fraud work. We achieve outstanding results by working collaboratively as a team and in partnership with others who share the desire to combat fraud in a non competitive environment.

For more information on this case study, please contact Kevin McDonald CFE on Tel: +44 (0)1489 561017

Insurance Fraud Bureau www.insurancefraudbureau.org