Online Insurance Fraud Complexities

Annual Fraud Costs to US Consumers

$80B

Coalition Against Fraud, "By The Numbers: Fraud Statistics" https://www.insurancefraud.org/statistics.htm

Insurance Fraud Increases

<table>
<thead>
<tr>
<th>Type of Fraud</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-party application</td>
<td>516%</td>
</tr>
<tr>
<td>First-party claim</td>
<td>271%</td>
</tr>
<tr>
<td>Third-party application</td>
<td>139%</td>
</tr>
<tr>
<td>Third-party claim</td>
<td>63%</td>
</tr>
</tbody>
</table>

20% Annual Fraud Costs to US Consumers

Up to 20% of claims costs for US and Canadian insurers are from scams

User Experience

65% of insurers express concern that fraud prevention technology degrades user experience

Fraud Challenges

iovation and TransUnion protect and improve the entire customer journey

Application fraud
Criminals create accounts using stolen personal information, fake details or a combination of both

Ghost broking
Fraudsters purchase insurance with false details or create false documents that appear to come from legitimate providers

Account takeover
Scammers gain access to policies in order to steal sensitive information or route claims payments to themselves

Bad debt
Insurers provide coverage for a period of time without receiving payment

Claims fraud
A claimant invents or exaggerates a claim

Contact center
Fraudsters use high-pressure social engineering and spoofing technology to take over or create new policies

Consumers Shifting to Prefer Online

Significant percentage of younger consumers say they are more likely to choose insurers who provide online and mobile experiences

Gen Z
25%

Millennials
29%