Making Florida a leader in the fight against claims fraud

The challenge

Florida is a magnet for beachgoers, Disney fans, and snowbirds, who join the state's nearly 22 million residents. It's also a magnet for extreme weather events; of the 292 hurricanes that have hit the U.S. since 1851, 125 have made landfall in Florida. Additionally, the state's overall litigation environment and explosive population make it a magnet for property and casualty insurance fraud, which is pursued by the Division of Investigative and Forensic Services (DIFS), part of Florida's Department of Financial Services. Colonel Simon J. Blank leads the DIFS.

Simon's career in law enforcement began in 1988, when he joined the police department in West Palm Beach, FL, after an honorable discharge from the United States Air Force. In eight years, he rose from patrol officer to supervising the department's Criminal Investigations Division. He began focusing his expertise after joining the workers compensation squad in Florida's Division of Insurance Fraud in 1996—a division he was tapped to lead in 2013. When the state Department of Financial Services combined its three law-enforcement units (Division of Insurance Fraud, Bureau of Fire and Arson Investigations, and Office of Fiscal Integrity) into one division in 2016, Simon was the natural choice for its director.

Every year, the DIFS insurance fraud group of 358 employees, including 112 detectives, fields 17,000 referrals in the nation's third most populous state. That volume of referrals and complaints is overwhelming, so the team must triage their cases, which requires screening a huge amount of data stored in many separate databases.

Over the years, the team had tried various approaches to increase their efficiency, such as automating their systems to identify "red flags" in the data that could signal a crime requiring a major investigation. However, these attempts only provided modest improvements. The team needed a paradigm shift in technology and data to improve staff efficiency and effectiveness.

Simon was also facing the challenge of increased staff turnover, as employees were leaving after five or six years on the job, often frustrated by the slow pace of investigations. He saw an opportunity to create a more dynamic environment by introducing innovation, enhancing the division's training capacity, allowing investigators to make a greater impact in fighting fraud, and increasing the capabilities of data and artificial intelligence.

The solution

Simon's first step was to create a training program that would:

- Develop employees' depth and breadth of knowledge about types of fraud, from property/casualty to medical or healthcare to workers compensation and beyond
- Keep employees informed on the latest criminal trends so they can spot crime and proactively investigate it
- Establish a framework for sharing knowledge with other state agencies and insurance fraud agencies in other states, making Florida a thought leadership mecca

The result was a training center that received certification as a Criminal Justice Training Center by the Florida Department of Law Enforcement in less than one year.

He also began looking into data and analytics solutions that would amplify the impact of analysts' and investigators' efforts and accelerate their workflows to keep up with legislative mandates based on fraud-driven insurance cost increases. He selected Verisk's Anti-Fraud One for Government, a seamless solution that integrates ClaimSearch®, Claim Scoring, and Network Analysis. Together, these tools harness the power of machine learning predictive models to:

- Search through the industry's largest claims database (more than 1.8 billion records)
- Access even more records through third-party data sets and civil/criminal databases
- Fine-tune investigative results with customizable variables, models, and fraud scenarios
- Evaluate claim information, public records, and other data to reveal patterns indicative of fraud

Simon wanted his team to stay up-to-date on the latest developments in fraud across the nation, which made Anti-Fraud One for Government a logical choice.

Making a case for greater effectiveness

Because the DIFS is a state agency, funding for its initiatives must be appropriated by the Florida legislature. Simon needed to establish the Verisk solutions' purpose and outline why they would be a smart purchase.

The fact that 95% of insurance carriers contribute to ClaimSearch's database helped his case considerably. "That was an easy sell," Simon recalled, "given the size of the data [in ClaimSearch] and the fact that so many carriers report to [it], the problem that we were having in property and casualty, and the scope of the data that [Verisk has] on the property and casualty market."

Saving time and freeing up energy

Before implementing Verisk's tools, Simon's analysts spent a lot of time researching independently, one step at a time. "They'd have to go into a database and look up an individual, find out that they have a car, look up the car, then find out that car was involved in multiple accidents, and then look at each accident," Simon recalls.

The problem wasn't a lack of information but how widely dispersed that information was. Local agencies would create data-rich reports, but the work required to access and assimilate all that data would hamstring the analysts' effectiveness. By aggregating industry loss history data into ClaimSearch's single, massive database, Network Analysis automates one of the job's most tedious, time-intensive aspects, giving Simon's teams more time to use their investigative expertise and faster time to critical insights.

The connective abilities of Verisk's solutions make them especially valuable to the DIFS. Fraud schemes often span multiple lines of business; the Coalition Against Insurance Fraud estimates that 84% of fraud cases involve more than one industry. "Using Verisk's solutions, we're able to find out that Person X was involved in an accident, and Person X also had a medical claim," Simon says.

Simon had three objectives for using Verisk's solutions:

- **Saving time** – According to Simon, "One quick query will save us hundreds of hours because it provides all the link analysis to everything."

- **Increasing effectiveness** – The information provided by Verisk's tools is much more thorough than what DIFS analysts could find on their own.

- **Having a greater impact** – Between increased effectiveness and increased efficiency, the team can have a greater impact in fighting insurance fraud.

The future: a more proactive fraud investigation agency

With greater knowledge from training and their effectiveness and reach enhanced by Verisk's solutions, Simon's teams are ready for an expanded role in stopping fraud. Currently, team members report to individual fraud squads across the state, providing support, intelligence, research, and analysis for their investigations. Simon plans to create a standalone team providing services to the larger Department of Financial Services.

Soon, analysts and investigators on this team will use ClaimSearch data to identify persons and organizations to investigate based on behavior patterns rather than waiting for a specific instance of fraud to be reported. The advanced analysis from Verisk tools will allow the team to spot complex networks of bad actors, resulting in more involved, far-reaching cases targeting the organized networks that perpetrate most insurance fraud in Florida.

These more complex cases are very appealing to DIFS team members. Offering employees more meaningful, impactful work helps Simon reduce turnover and attract, recruit, and retain new talent.

The DIFS is highly motivated to defeat insurance fraud in the state as soon as possible; fraud is one of the top reasons that home insurers have been leaving Florida in record numbers since the beginning of 2022, and insurance is becoming more expensive overall. Helping insurance companies remain solvent is in the best interests of insurers, customers, and the state. Simon's team is contributing to that effort with some help from Verisk. "We're seeing improvements already," Simon reports. "We anticipate a lot more, and we anticipate changing the way we're doing business in the state of Florida."

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