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Insurance Fraud 2020
New and Interesting Ways to Stay Ahead of the Fraudsters

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What is the Fraud Landscape going to look like in 2020? Will we have driverless cars and drones everywhere? How will that lead to insurance fraud, and how can we be prepared to combat it? What technical advances will be available for investigations and how will the law handle these changes? Is the answer, my friend, blowing in “the cloud”? These are all reasonable questions and as we have all learned in the last few years one of the only constants is change. We are living in a real life “Back to the Future” movie. Think about the Michael J. Fox movie “Back to the Future II”, the year that Marty McFly goes to, 2015. While we don’t have a lot of hover boards running around everywhere, we do have drones and driverless cars. Machines and phones that you need only to talk to have them operate and perform tasks. The ability to track every movement of an individual, and we are just talking about simple applications, not NSA spy stuff. These are things and abilities that are available now. What will be readily available in five years? Drones, on call medical robots, driverless cars that just pull up and you hop in and then park themselves. They exist now, but will they be everywhere, and how the new technologies will be targets for fraud and how will we be able to use the technology to fight fraud.

The Early Signs of Change

The most obvious change to our world of investigations in today’s world is the new and groundbreaking use of drones. Almost every day there is another article written or news story about drone usage by insurance companies for scene investigation. Drones have the unique ability to keep everyone at a safe distance yet get a bird’s eye view of an accident scene, and using high tech instrumentation, can even detect hot spots and other important investigative matters early on which can lead to increased knowledge. It may not be really that cutting edge to think about using a drone to fly over a fire loss, but what about using one for observing a suspected fraudster?

Nano Technology, fitness trackers, personal GPS trackers, Cloud Based technology for storage of everything, are all current day examples of everyday life in the world of advances. Five years from now it is possible if not probable that it will be almost impossible to move without someone being able to track your every move and if necessary retrace your steps. While this will be a great opportunity for investigators and carriers, it will also lead to opportunities for those trying to commit fraud. The less face to face interaction we have the more relaxed we become. Cyber

fraud has taken the place of the stick up job. Why risk face to face interaction, when it is so much easier to hack and steal hundreds of credit card numbers.

The Real World of Field Investigation in 2020

The real world of investigations is often different than the ideal world that attorneys and investigators wish we could operate. This will be no different in five years. What we want to do, will still be curtailed by social norms, societal expectations, and privacy laws. Selection of the investigator will still be one of the first steps to making sure that there is a good investigation performed from a legal perspective. This is important because to begin with it is important that the investigation is handled properly to prevent privacy or other concerns that could jeopardize the investigation and its results. You have to make sure that proper training is provided for the investigators and that proper precautions are employed to prevent the dissemination and discovery of information that would otherwise be protected.

Recognizing your state and local laws regarding privacy and electronic communications and making sure your investigators are aware. As recently as last year over 95 bills or pieces of legislation had been proposed in 39 states regarding the use of drones by private companies and individuals. While many are still in committee and have not passed the wide spread concerns and uncertainty over the reasonableness of drone usage. This does not even take into consideration federal regulations set forth by entities such as the FAA. By 2020 it is believed that regulation of drones will be more settled and no fly areas will be reduced.

Changes in Authority and Authorization.

When looking at fraud claims or theft claims you will still need to look to two areas of authority. Pay attention to the policy under which benefits are being sought and authorization for the investigation as well as Federal and State laws that deal with the regulations. Make sure the investigator is versed in the laws, but through discussion and proper vetting you will become familiar with their abilities as it related to privacy, medical investigations or tracking, how would they handle dummy social media accounts. That way the joint decision can be made as to what issues may arise and what information is fair game. For the investigation it will still be important to ask questions and be curious.

Communication will still be the best way to stay ahead of issues and avoid problems and pinpoint issues before they get too bad. Consider early education and letting agents, counsel and investigators know what the expectations are either through correspondence, handouts and policies. If information is obtained how will it be handled? Who is entitled to the information and how is it documented as being obtained and disseminated.

In order to avoid the damage employers are cautioned to know the sources of the information they receive. The reason for the source is important but will not insulate an investigator from liability. It is best to be upfront with investigators on the proper use of investigative techniques and what information is needed to be shared. If the reason for the investigation involves theft or dishonesty claims, then only that information should be shared. Use of social media should be handled carefully and the use of tracking systems, drones and other new technical options should

be appropriately handled. Following the companies policies and procedures consistently will also help establish the actions taken by the investigator and company is legitimate. Be consistent in the application of the policies and requirements of your company.

Emerging Areas

- 1. Drones:** Used for examination, investigation and Surveillance
- 2. Driverless Cars:** Obviously used for transportation, but the technology behind the cloud based driverless car will allow for tracking and recovery of exact locations over a period of time.
- 3. Cloud Technology:** No longer needing physical on premises storage facilities for electronically stored media makes it more difficult to obtain the information from 3rd party vendors who may not even be located in the United States.
- 4. Wearable Technology:** Whether it is a fitness tracker, watch or smartphone, these devices all keep up with your day to day and minute by minute location and actions. The tracking is sometimes uploaded to social media sites unsuspectingly to an individual. Think about the claims of an individual saying they were nowhere near a fire location only to find an update on them hitting their step quota in a location right near the loss.
- 5. Social Media:** Sometimes thought of as beaten to death, but with the location services no on phones, you can tell who is right near you in geographic sense. Dating sites now utilize this for meeting people. But beware of sites like Snap Chat that have automatic deletions scheduled.

Conclusion

Just as today, Fraud investigations will not change much as the goal is still to stay within the bounds of the law and ethics. Avoidance of issues is always the best way to avoid litigation. The use of the changing technology and staying ahead of the times is the best way to stay ahead or at least close behind the fraudsters. Paying attention to the trends and involvement with the state legislatures will also keep some of these tools in the hands of the investigations, counsel and companies.