

Company snapshot

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Toronto ON M6P1Y8
http://infernotions.com
Incorporation Status: Canada, 2004
Private

Solution summary

Name: ClaimsGator
http://ClaimsGator.com
Value proposition: Reduce client exposure to insurance/warranty fraud and risk
Target industry: Manufacturing, Property & Casualty insurance, Healthcare insurance
Size of problem: \$15B annually [for publicly listed North American manufacturing companies]

Introduction

Infernotions is a four year old company with a proven record in knowledge process solution delivery. Our vision is to be the global leader in web based business solutions that enable the intelligent enterprise.

[ClaimsGator](#) is the first of a series in on-demand analytical offerings. It addresses the problem of claims fraud for manufacturers or for insurers in the healthcare, property & casualty sectors.

ClaimsGator's unique value proposition comprises:

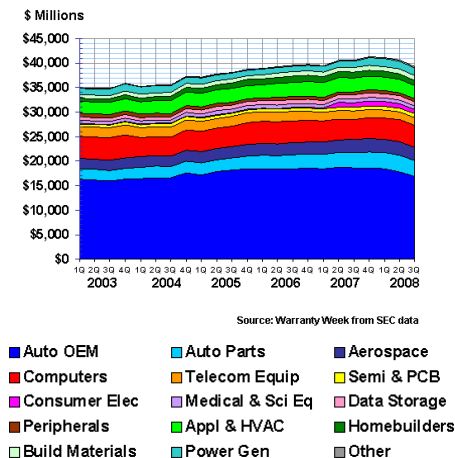
- **Solution on-demand:** First of its kind globally to deliver fraud analytics over the Internet. Low cost of implementation, maintenance and updates.
- **Completeness:** First of its kind investigation services package to augment the data analytics. Clients get hard evidence to pursue collections.
- **Multi-industry success:** Solution design has been validated through past successes in diverse industries.

Opportunity

For 2009, about \$40B will be put aside by publicly listed manufacturing companies as warranty reserves [see Figure 1]. This is the amount that is held back by manufacturers for potential compensation on warranty claims.

Approximately 6-8% of this amount will be claimed by fraud [Source: Association of Certified Fraud Examiners]. Furthermore, for every \$1 lost directly to fraud, another \$5.20 is lost by the company through indirect cost [see Figure 2 overleaf]. Net is, the industry is losing about \$15B annually to fraud. This is the target market for ClaimsGator.

Figure 1: Warranty reserves by industry as reported by publicly listed manufacturers (Source: Warranty Week)



Offering overview

ClaimsGator profiles and flags service providers and retailers in the manufacturer-consumer value-chain for instances of claims fraud and/or abuse. The offering comprises five components

1. A **data center** to receive claims information for/from our clients
2. A **fraud engine** to identify suspicious behavior in the submitted claims. Risk ratings are provided for three categories
 - Claims
 - Service provider (e.g. service shop, adjuster, branch officer)
 - Service provider combinations (e.g. service shop + adjuster)
3. A **web-based solution** to report the fraud and manage the case investigation
4. **Investigation services** (optional) to investigate suspicious entities for loss recovery or for prosecution
5. **Information co-op** (optional) for generating benchmarking information across the industry.

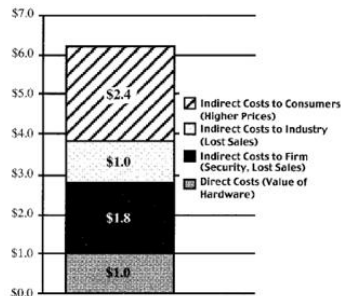
The clients derive benefit in the following ways.

- ✓ **Lower** loss reserve liability,
- ✓ **Improved** customer satisfaction,
- ✓ **Higher** operating income,
- ✓ **Improved** product reliability metrics,
- ✓ **Streamlined** business processes.

Design principles

ClaimsGator design principles are as below.

Figure 2: Direct and indirect cost of fraud in the hi-tech industry (Source: Rand Institute)



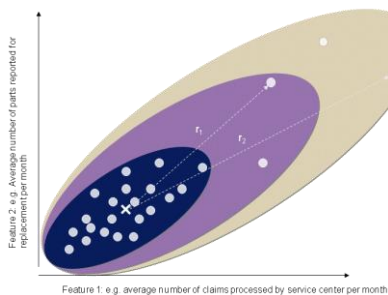
1. **Internet delivery:** Clients do not require software downloads or systems integration. The solution access has a lightweight user interface.
2. **Users as co-developers:** Users add their knowledge to the decision rules for identifying fraudsters.
3. **Adaptive technology:** The decision rules self-correct to changing fraud patterns. Experience suggests that fraudsters have partners within the organization who inform them on the deployment of new detection tactics. The miscreants learn to work below the 'radar' but the multivariate aberration detection helps nullify that advantage [See Figure 4]. Additionally, the artificial intelligence module changes the thresholds with changing dealer behavior.
4. **Actionability:** The offering includes a case management system to help a distributed user-base collaborate on investigation.
5. **Recovery:** We offer field audit services to assist in recoveries if needed.

Who should use ClaimsGator?

The target audience for the solution is three pronged

- **Finance:** The solution reduces losses to fraud and the resulting reduction in claims rate boosts warranty reserves thereby leading to boost in long-term economic forecast.
- **Product development:** ClaimsGator weeds out the errors in product failure data thus making reliability observations consistent with estimates.
- **Customer care:** The head of customer care is able to manage the budget for service franchisees and enforce adherence to corporate policy on warranty claims.

Figure 3: The Fraud engine detects aberrations in behavior in multiple dimensions.



Who has used our services?

ClaimsGator is a first of its kind implementation. It assimilates our experiences and learning from past clients to deliver the same service over the Internet.

- **Tire manufacturer:** Investigation on dealers for tire manufacturer discovered legacy fraud operation. Dealer processes were standardized and updated. Dealers agreed to deliver compensation to manufacturer without recourse to legal proceedings.
- **Auto-insurance company:** Used to monitor and flag underwriting fraud. Cracked a NYC based claims fraud ring that had misappropriated over \$6M through staged accidents and collusion between adjusters, healthcare professionals and orthopedic equipment suppliers.
- **Provincial healthcare ministry:** Ministry used the fraud detection technology to flag unusual claims and alert provincial regulatory bodies for instances of practitioner fraud and abuse.