

Mitigating losses in automobile underwriting leveraging AI

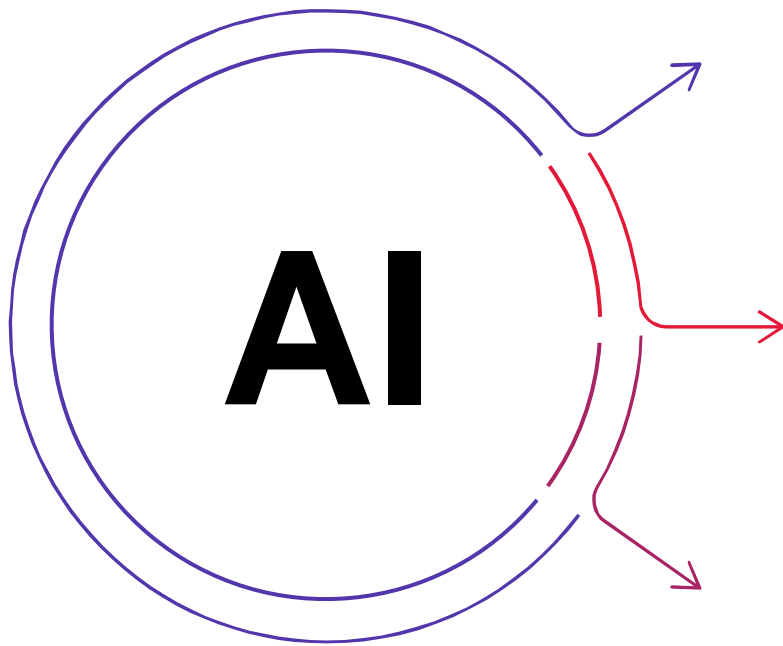
November 15, 2023



REUTERS



CGI's Key AI Solutions in Automobile Insurance



MVR Predictor - 2012

helps insurers be more cost efficient by ordering MVRs only when AI module recommends it

Loss Ratio Score - 2019

AI data accelerator to be embedded in in-house insurer algorithms for increased efficiencies

Exported VIN Predictor - 2022

AI-based algorithm to predict which VINs/drivers are likely to export vehicle illegally and file a claim

Key challenges in insurance industry

AI algorithms can analyze large volumes of data, identify patterns, and flag suspicious claims or behaviors. Identifying sophisticated fraudulent activities in real time.

CHALLENGES



Manual and time-consuming processes



Efficient claims processing



Underwriting accuracy



Adequate customer experience



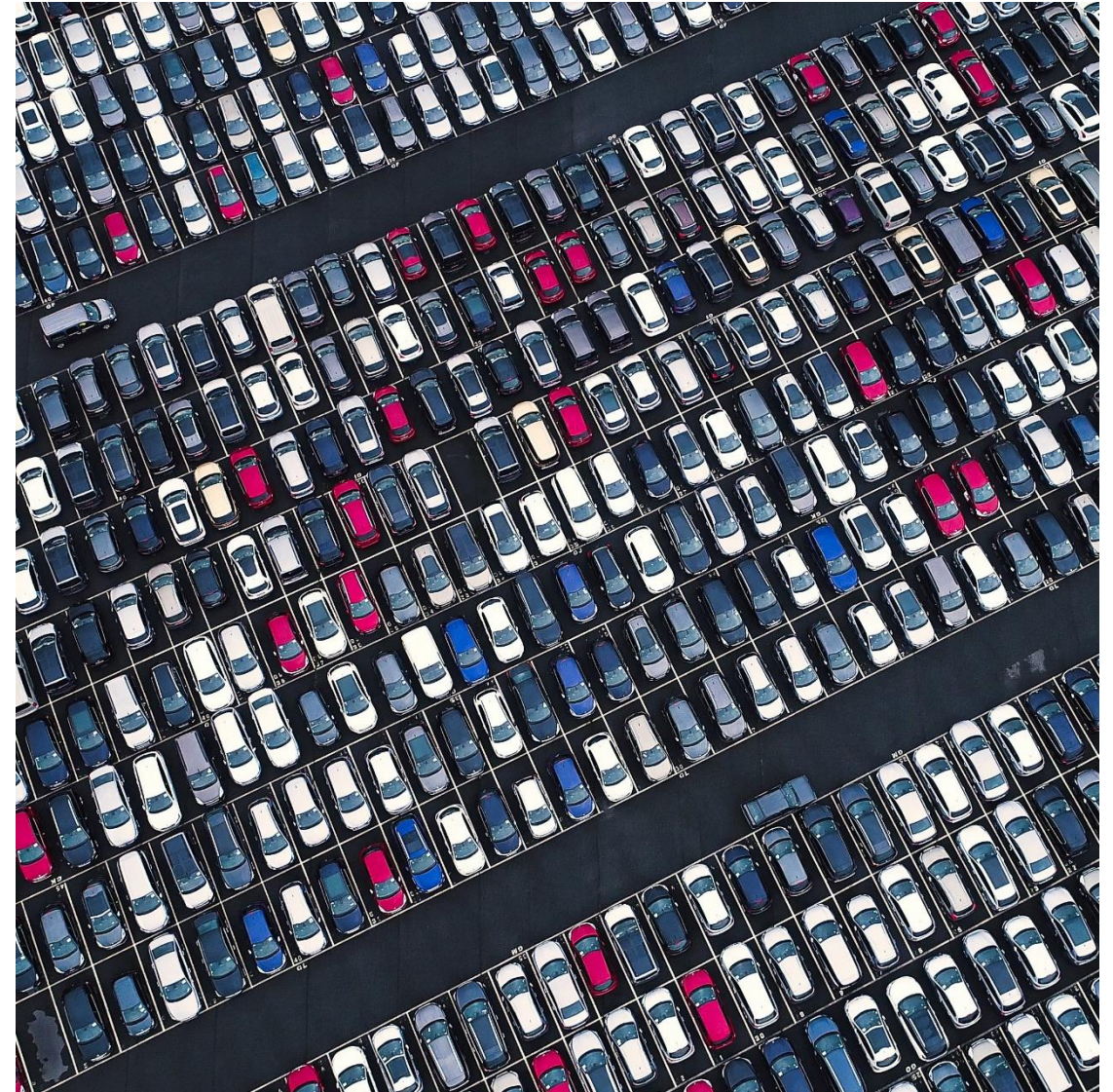
Fraud detection and accurate
risk assessment

Exported automobile fraud?

- 1 Identity theft on financed vehicles
- 2 Re-VINing
- 3 Container export

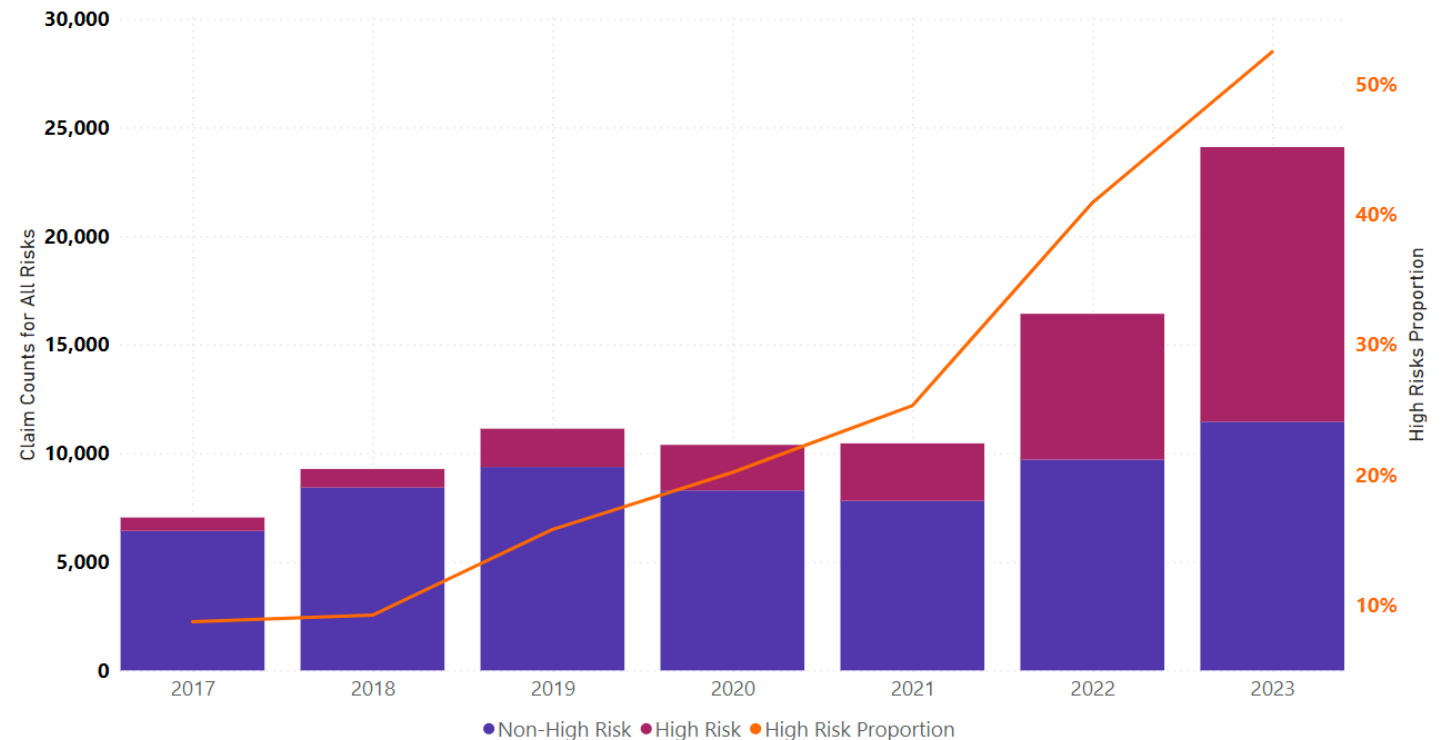
Last year, Canada's insurers paid more than \$1 billion in claims for stolen vehicles; the most the industry's ever paid in one year.

Source: Équité Association.



Motor Vehicle (PPV) theft: Incidence of high-risk vehicle – Ontario

- High-Risk Theft Vehicles are those which experience 20+ claim count over a year.
- These represent 0.4% of all vehicles in Ontario as of June 2023.
- In 2023, Ontario, incidence of **high-risk theft vehicles** has increased **5 fold** compared to **2017-2018**.



Source: CGI Insurance 2023

How illegally exported vehicles affect insurers?

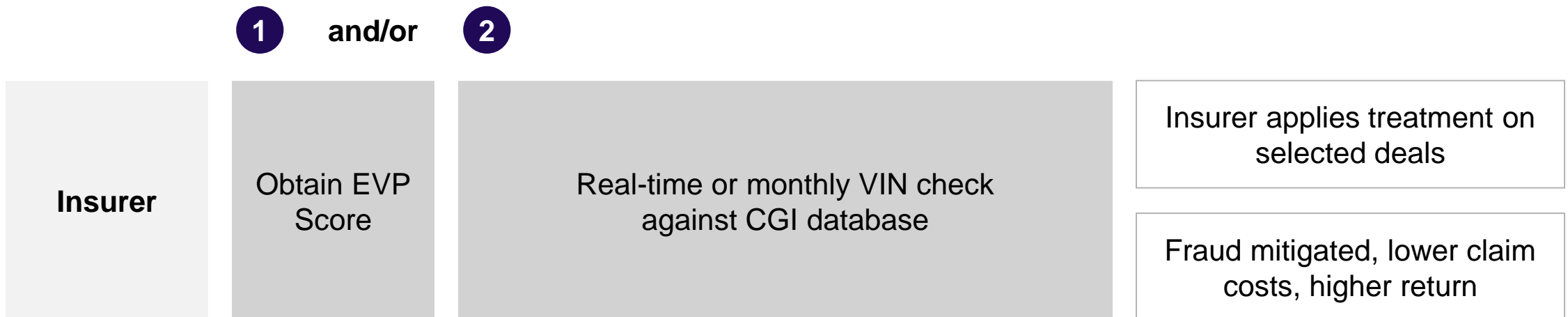
Illegally exported vehicle are those purchased in one region from an authorized dealer (or stolen), and then sold in another region, for a profit.



Typical fraudulent underwriting process



VIN export fraud mitigation tools for insurers



Data Solution Results

Data Fields	Data
Vehicle Identification Number	...
Date of Exportation/Importation	...
Country of Destination	...
Model Year	...
Make	...
Model	...

Coverage of **over 60 countries** including:



Nigeria



Bulgaria



Qatar



China



Israel



Italy



Belgium



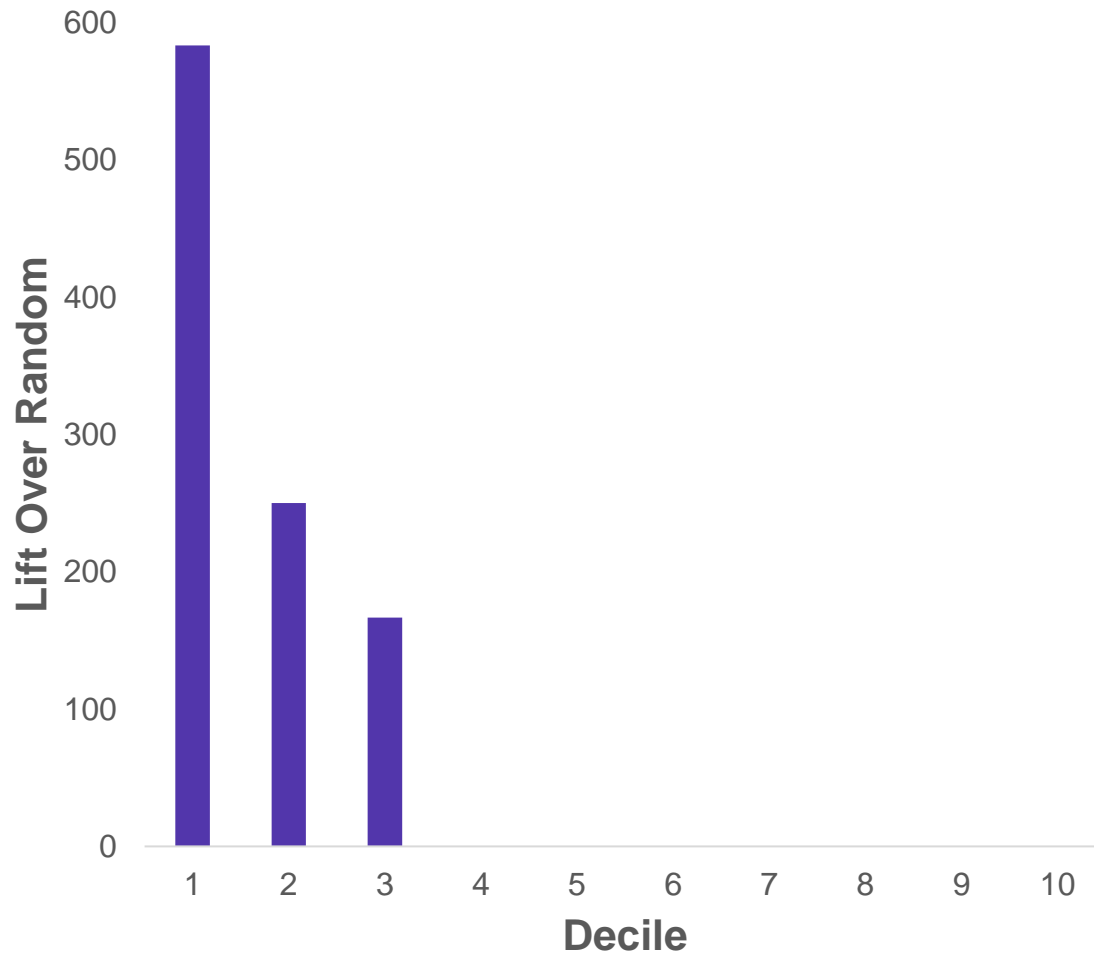
UAE

Case Study #1

2023 Results:

- An automobile insurer in Canada with 1 million VINs in its fleet it had approximately 1,153 auto theft claims with severity greater than \$50K over a 12-month period.
- Out of these, 18 VINs were found to have been exported out of Canada.
- Total claim cost: \$1.3M

Score Solution Results



Case Study #2

2023 Results:

- **1.3MM** VIN sample, with *new high-value* vehicles.
- All scores have been sorted in descending order and equally divided into deciles.
- The lower the score the higher the propensity to be exported and file a claim in the next 12 months.
- The VINs in Decile 1 have **6.0 times** higher than average chance to be exported and file a claim in the next 12 months.

Benefits of enhanced processes

Early Risk Mitigation

Early fraud detection allows insurers to control risks effectively, limiting financial exposure. It prevents fraud escalation, safeguarding insurers from significant financial losses.

AI-Machine Learning Tool

Utilizes advanced machine learning technology for combating underwriting fraud. Adapts to evolving fraud tactics and offers real time detection and prevention.

Gain Competitive Advantage

Staying up-to-date with the latest data and continually adjusting their risk management approach helps insurers stay protected and one step ahead of competition

Lower Operational Costs

CGI solution aids and accelerates the investigation process, reduce the labor and monetary cost of anti fraud operation



POC: Quantifying value of our data products and services

CGI VALIDATION PROCESS	CGI internal validation based on industry data.
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CGI VALIDATION PROCESS	CGI to provide data to client for validation
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POC Stage	Documentation	Advantages	CGI's turnaround time	Cost	Testing Environment
RETRO TEST	Client signing POC agreement document Client to provide required data (VIN, DLN)	Validate results fast	Typically, 4 weeks	Fully reimbursable upon signing	Offline
PILOT TEST	Client signing POC agreement document No client data required	Results can take over 1 month	Typically, 6 weeks	Fully reimbursable upon signing	Production

Are you covered?

Contacts



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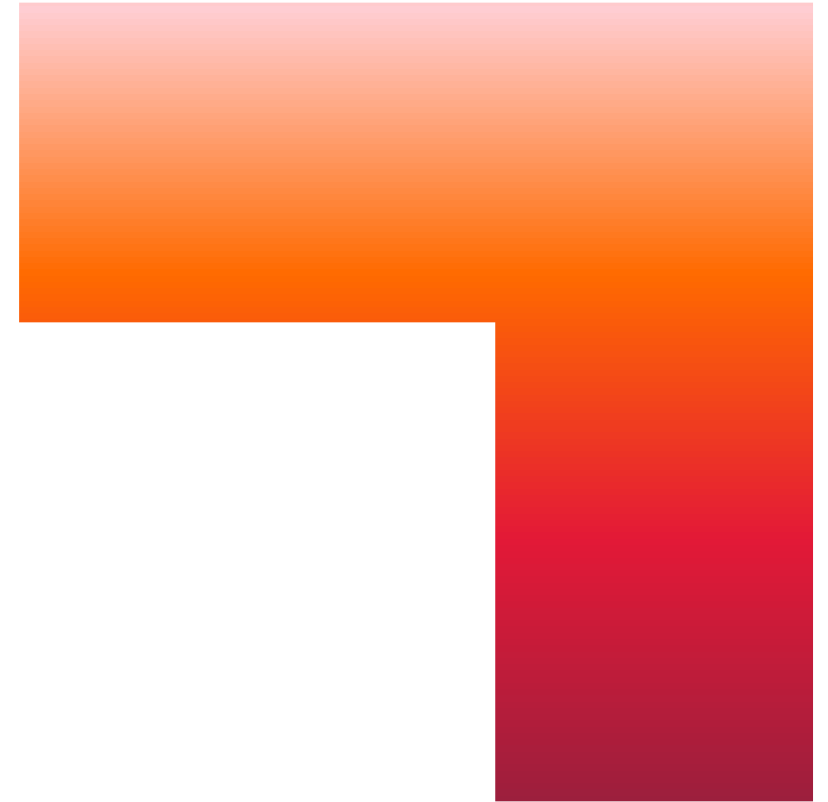


Insights you can act on

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