DEEPFAKES: A THREAT TO INSURANCE?

Attestiv's follow-up survey examines digital media threats to insurance

Only 20% of insurance respondents report taking action against **deepfakes or synthetic media,** even though altered media is the highest concern

In our 2021 Deepfake Awareness Survey, we reported that over 80% of business respondents acknowledged the risk posed by deepfakes and synthetic media to their organizations, yet only 30% of organizations were taking action to mitigate the risks. In that survey, only 39% of respondents in the insurance industry indicated they are either taking or planning steps to mitigate the risks. This was a surprising result for an industry hit with over $80B in fraud annually in the US alone.

Unlike conventional photos and video editing, Deepfakes utilize AI to generate synthetically generated photos and videos without the forensic traces found in typical edited media. This brings a new level of realism to altered or synthetically generated depictions of assets and individuals – in a way that is far more difficult to detect, posing a new threat to insurance transactions relying on customer-supplied photos or videos.

Since our last survey, we've seen the following trends:

1 the technology behind Deepfakes and synthetic media has continued to improve

2 the use of photo editing tools has become more common

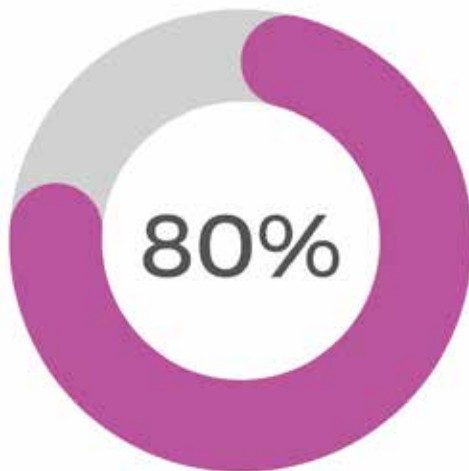**3** insurance transactions, such as claims, have embraced self-service and a high degree of automation

4 the reliance on media such as digital photos to settle insurance claims has increased twofold since the COVID pandemic

With a growing number of insurers jumping on the bandwagon of self-service and automation, it makes sense that organizations plan a strategy to curtail the possibility of fraud through edited or fake media.
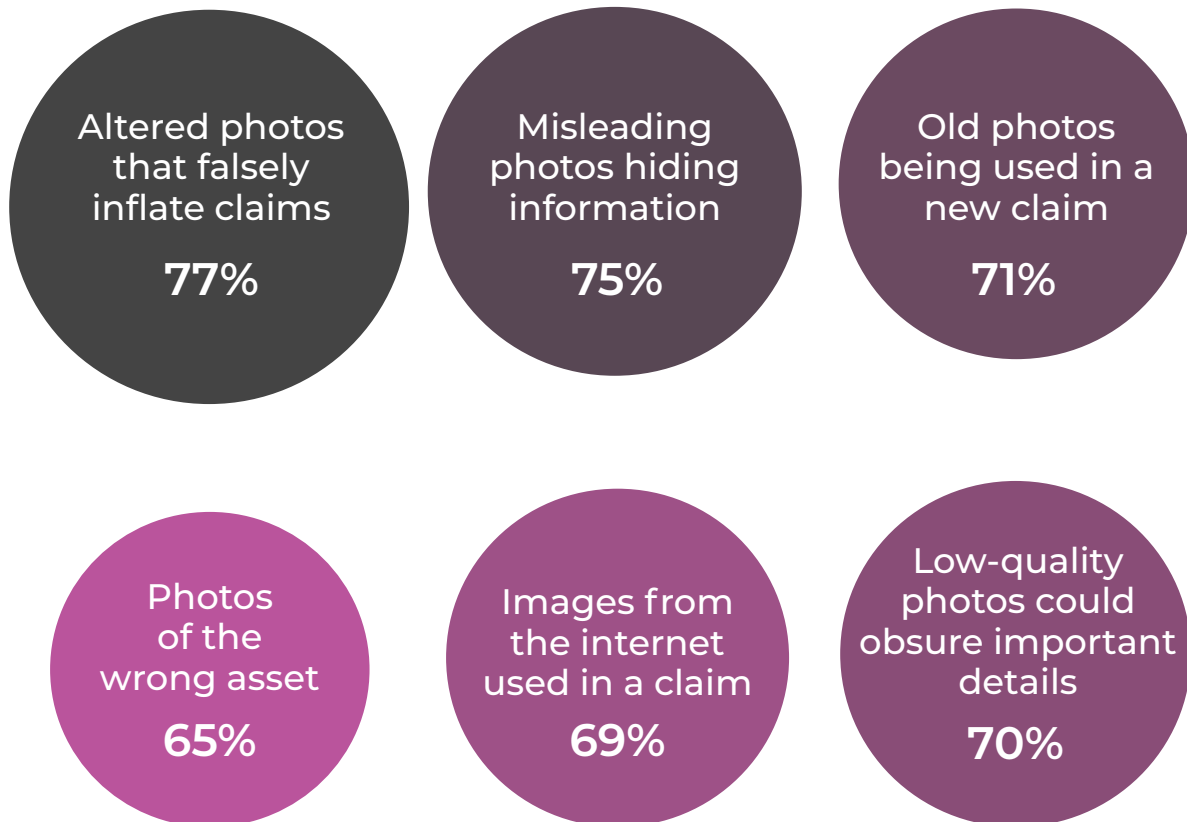
For this second survey, we decided to dig deeper into the insurance market to gain a broader understanding of how the industry views the digital media threat and what organizations are doing in response.

Attestiv surveyed professionals working at insurance organizations (excluding those working in brokerages or insurtechs) and logged the following results:

80%

Over 80% of respondents indicated concern for altered or tampered digital media used for insurance transactions, such as claims. This clearly indicates an acknowledgement of the threat and the fraudulent losses that can result from it.

We focused on specific certain types of media tampering and found the number of respondents at least moderately concerned about different types of media issues to be as follows:

Altered photos that falsely inflate claims
77%

Misleading photos hiding information
75%

Old photos being used in a new claim
71%

Photos of the wrong asset
65%

Images from the internet used in a claim
69%

Low-quality photos could obsure important details
70%

Altered photos that falsely inflate claims was the top concern by a slim margin over other types of media-related fraud and is the most likely area Deepfakes and other fake media impact.

With the backdrop of high concern expressed by respondents, we sought to determine their priority for taking action.

From a big picture perspective, it turns out that fraud is a priority, but not the highest priority for insurers. In fact, fraud ranks below many other priorities, including:
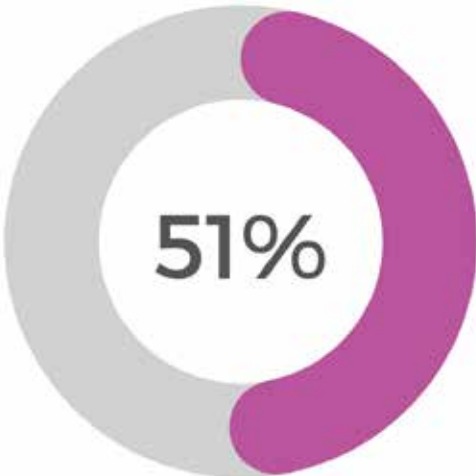
CUSTOMER EXPERIENCE

**NEW SALES**

CUSTOMER RETENTION

CUTTING COSTS

This indicates that the industry, in spite of recognizing the new fraud threats, is more focused on traditional business metrics that impact top line revenues and bottom line.

One element that should not be lost is how automation may increase the risk of digital media fraud. The COVID-19 pandemic has accelerated insurers ability to operate virtually and perform transactions using images supplied by the insured, that are settled via automation, with little or no human interaction. Over half of respondents are using self-service and straight-through automation or planning to do so in a year.

51%

Self-service claims

50%
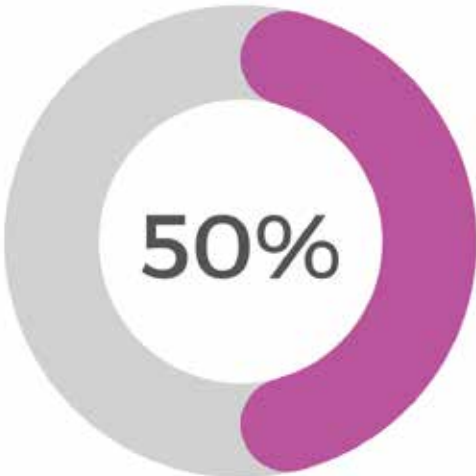
Straight-through claims processing

56%
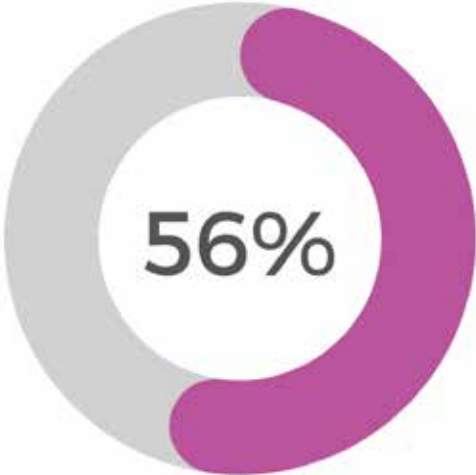
Straight-through claims underwriting and quoting

The Importance of Customer Experience

While customer experience (CX) has been transformed dramatically from the days of in-person appraisals and inspections from adjusters, self-service and automation open the door for exposure to media fraud if proper steps are not taken.

This can become a counter-balance to the many benefits of self-service and straight-through processing, ranging from improved customer experience to reduction in costs.

While these benefits are powerful and can even be viewed as a major differentiator from an insured customer perspective, care should be taken to not allow cost savings and potential revenue improvements to be lost via fraud.

Respondents cited the following benefits:

66%

Improving the Customer Experience

39%

Increased employee productivity

54%

Cost-savings

38%

Increased revenue

Concern

So what's the level of concern within insurance organizations about customer-provided images and what systems are in place to ensure the integrity of photos and media used to settle claims?

Our survey revealed that there is concern about the trustworthiness of images.

Current Actions

Here are the percentage of organizations taking action against the following threats:

Ensuring photos are clear and of high-quality **49%**

Ensuring images haven't been downloaded from the internet **27%**

Ensuring images have the appropriate dates and locations associated with them **41%**

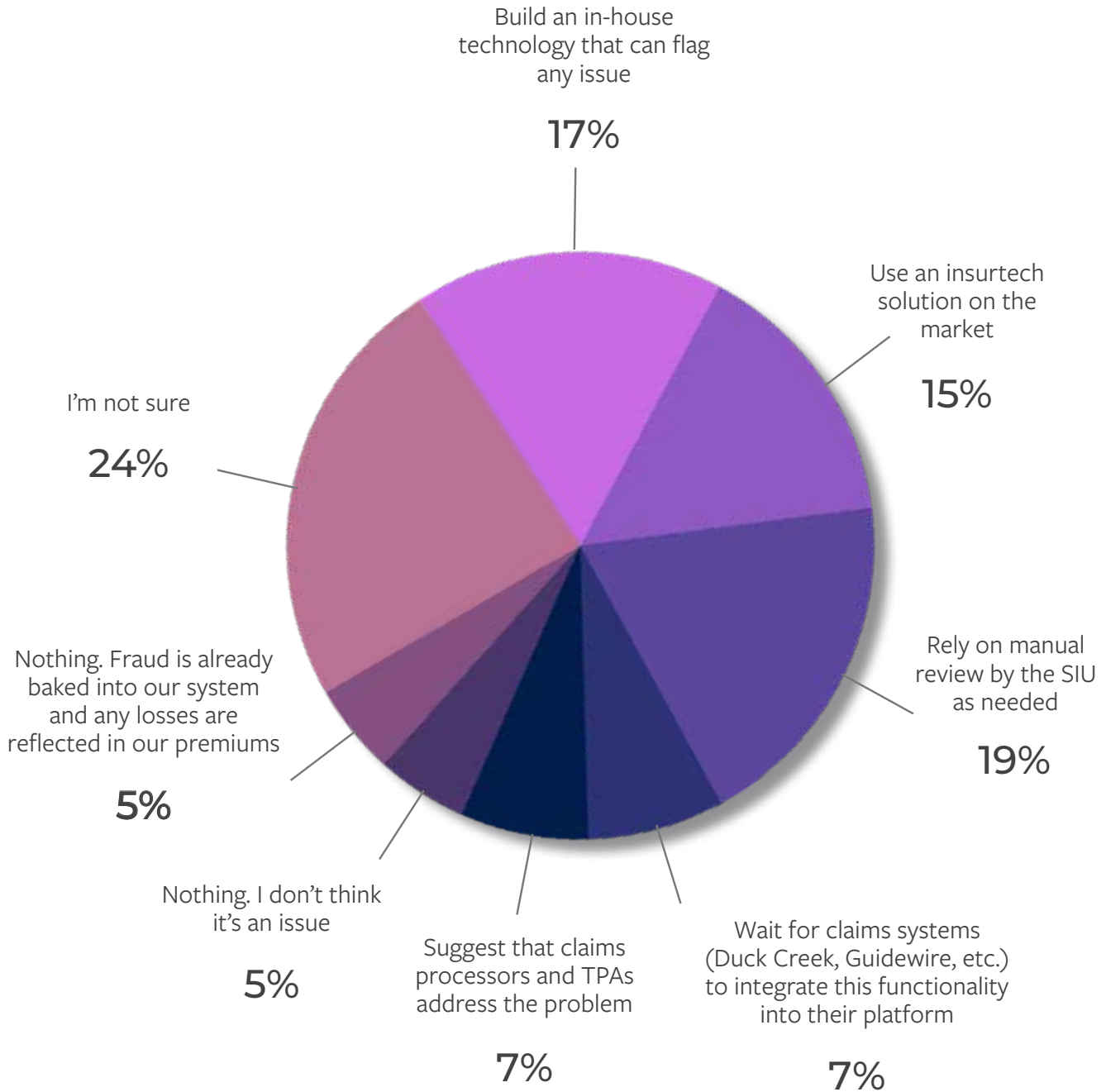Ensuring images have not been photo-edited **40%**

Ensuring images are not synthetic or a deepfake **20%**

Ensuring photos are of the correct insured asset **35%**

It's encouraging that there is some focus on ensuring quality and attempts to reject photos that have been manipulated. Some of the main areas to note include the contrast to 77% of respondents indicating concerns about altered photos that might inflate claims, only 20% of organizations are taking actions against deepfakes or synthetic images. This indicates a substantial exposure to fake or synthetic media across the industry and highlights the need for a more comprehensive framework to address these threats.

Next we inquired what actions insurance organizations are planning to take against digital media fraud and recorded the following responses:

Build an in-house technology that can flag any issue
17%

Use an insurtech solution on the market
15%

I'm not sure
24%

Rely on manual review by the SIU as needed
19%

Nothing. Fraud is already baked into our system and any losses are reflected in our premiums
5%

Nothing. I don't think it's an issue
5%

Suggest that claims processors and TPAs address the problem
7%

Wait for claims systems (Duck Creek, Guidewire, etc.) to integrate this functionality into their platform
7%

While the highest single response of "not sure" drew 24% response, indicating organizations may be in nascent stages of planning, it is notable that 36% would either rely on in-house technology or their SIU to solve the problem.
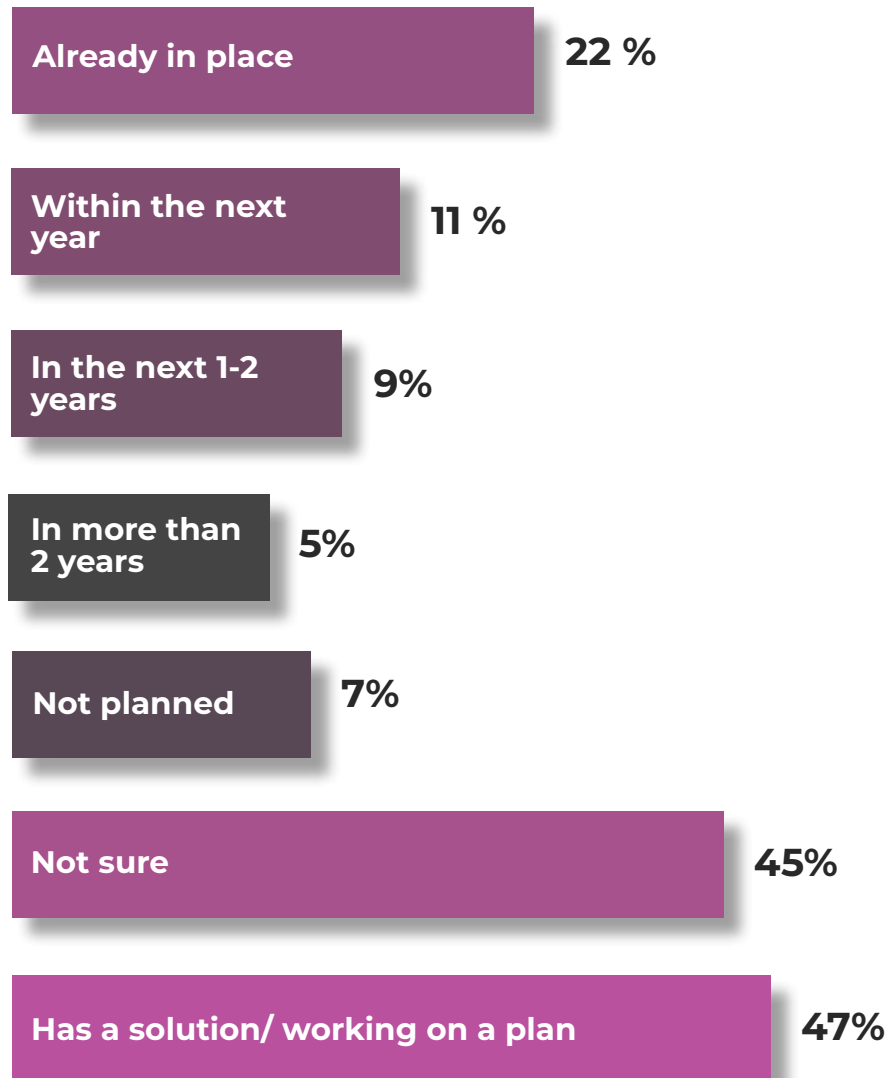
36%

15%

While 15% would consider an insurtech solution to solve the problem, nearly another 15% would prefer to outsource the solution to claims providers or systems.

10% are content doing nothing about the problem

10%

When asked about organization timelines for photo and media validation, we got a mixed set of responses:

Already in place 22 %

Within the next year 11 %

In the next 1-2 years 9%

In more than 2 years 5%

Not planned 7%

Not sure 45%

Has a solution/ working on a plan 47%

Again, the most popular response of "not sure" indicates that plans and timelines are still nascent. On the other hand, 47% of respondents answered that their organization either has a solution in place or is working on a plan.

Budgeting for photo and media validation

For organizations less than $5B in size, over 68% have an annual budget of less than $100,000.

<$100k

For organizations greater than $5B in size, the tables are turned with over 50% having $100K or more in annual budget.

50% = $100k+

This puts smaller organizations at a bit of a disadvantage, unless they can favorably source out a solution or work within a consortium to gain expertise and economies of scale.

Summary

The 2022 Attestiv study involved 187 professionals across the insurance industry, excluding brokerages and insurtechs, to better understand their perspective on the threats of Deepfakes to insurance and the type of action plans they are adopting. We anticipate, as the threats from Deepfakes continue to grow and come to light, more businesses will begin to take action, adopting and standardizing solutions.

About Attestiv

We are on a mission to put authenticity into all digital media

Attestiv offers a tamper-proof media validation platform focusing on insurance, healthcare, public safety, government, and media markets. Established in 2018, Attestiv verifies and protects the authenticity of digital media and data (photos, videos and documents), helping organizations build efficient processes, improve customer experience, and provide the highest standard for information exchange. Utilizing artificial intelligence and blockchain technology, Attestiv assures the authenticity of digital media at scale with attractive economics, enabling trust, chain of custody, digital transformation, cost savings, and fraud prevention.

Learn more about our products and services at https://attestiv.com.