



SOLUTION

Data Analysis for Teams

Training

Implementation Services

Consulting Services

Support Services

INDUSTRY

Insurance

REGION

North America

KEY BENEFITS

Centralized analysis, data sharing and reporting

Timely insight into fraud and errors

Expanded audits for greater coverage

VPI PET INSURANCE

AUTOMATED ANALYTICS PROVIDE BETTER INSIGHT AND ASSURANCE

"ACL has helped us achieve a deeper understanding of both our data and our business risks."

-LYNNE C. HENNESSEY, COMPLIANCE DIRECTOR

Company Profile

Founded in 1980, Veterinary Pet Insurance Company (VPI) provides medical insurance for companion animals. VPI plans cover dogs, cats, birds and exotic pets for multiple medical problems and conditions related to accidents, illnesses and injuries. Plans are available in all 50 U.S. states and the District of Columbia. The first VPI policy was issued to television's Lassie in 1982; the company has since insured more than one million pets across the country. Headquartered in Brea, California, VPI is owned by Nationwide® Mutual Insurance Company and has nearly 500 employees.

Objectives

VPI is a growing company with a small compliance department responsible for corporate and regulatory compliance, privacy, forms and filing, and internal auditing. The department also creates and documents company-wide policies and procedures to ensure business continuity. Given that VPI pays over a million policy claims each year, sample-based audit techniques simply cannot provide enough coverage to deliver meaningful results.

Based on recommendations from internal audit leaders at Nationwide, VPI's parent company, and insurance industry regulators, VPI recently implemented ACL's solution. The five-member compliance team was eager to provide actionable insights into high-risk areas including vendor data, payroll, accounts payable, accounts receivable, and other financial transactions.

Implementation and Planning

The VPI compliance team worked with an ACL consultant to implement a customized solution. There are currently 14 unique data tests that run either monthly or quarterly against complete data populations. Key tests include analytics that look for "ghost employees" or inaccurate records in payroll files, and tests that compare claim payments to employee addresses and other human resources data. A vendor review examines tax ID numbers to ensure all vendors have appropriate system records, while matching vendor addresses and invoice data with employee addresses, names and identifying details.

For claims, the analytics target policyholders who file multiple claims within a specified time period. The compliance team can then investigate whether the policyholder's pet was seriously sick, if the policyholder has multiple policies, or if the claims suggest fraudulent activity. The tests also compare addresses, payments and other key data with recurring claim indicators to ensure, for example, that payments are made to the actual policyholder and not to another individual or group. For a company that pays over a million claims annually, these exceptions would be almost impossible to catch through manual techniques.



"FOLLOW-UP FROM THE SUPPORT TEAM IS EXCELLENT. THEY ALWAYS QUICKLY RESOLVE OUR PROBLEMS AND ENSURE OUR WORK IS NEVER DELAYED."

LYNNE C. HENNESSEY,
COMPLIANCE DIRECTOR

Another regular test ensures that adjusters handling insurance claims are in no way associated with policyholders—including family members, spouses and close friends. Other automated analytics pinpoint duplicate invoices, claims, and related processing issues. The analytics can detect potential fraud or resource misappropriation, but they also ensure that internal data (including the vendor master file) is clean, accurate and error-free.

With this solution in place VPI has created a more efficient and effective audit process. ACL makes it simple for the compliance team to share its work with outside departments, evaluate results, and develop follow-up plans. The solution also provides valuable month-over-month comparisons and a clear audit trail—a function that's particularly helpful with recurring claims. With ACL, the team can spot patterns based on historical records and join data from multiple months to perform more specific analyses. Exceptions have nowhere to hide.

Since the ACL implementation, the compliance department has instituted monthly meetings with senior management from each business division. The teams discuss results, examine reports, and develop ideas for new analytics. The ACL solution has opened an ongoing conversation that wasn't happening before the implementation.

Results

VPI has applied ACL technology to:

- Gain timely insight into fraud and errors with automated analytics.
- Better understand and evaluate internal data.
- Develop an effective audit process with 100% data access and a clear audit trail.
- Raise internal awareness of high-risk business areas.

The VPI compliance department has used tailored analytics to ensure its data is complete and accurate. Both the ghost employee and federal tax ID tests have revealed exceptions due to error. The ability to review every single vendor file—in a matter of minutes—provides a new level of assurance for this growing company. The multiple claims analysis also looks for problematic transactions such as policyholders who may be collecting money for pets and medical treatments that didn't exist. High-risk business areas, such as policy claims, can now be fully examined for anomalies.

Thorough data analysis has also given VPI greater peace of mind. Tests that fail to produce exceptions confirm that the company doesn't have major control issues. Senior management is equally pleased that the compliance department is monitoring all paid claims, rather than sampling data to find rare exceptions. A post implementation review reported that the ACL solution not only met expectations, but has produced better-than-expected results.

Working with an ACL consultant was one of VPI's keys to success. The consultant was instrumental in the implementation and learned about the business in order to customize and enhance the analytics. Several VPI staff also received three days of ACL training from a knowledgeable, on-site trainer, and the team continues to access ACL Support Services whenever they need further assistance.

Automated testing with scheduled reviews has helped VPI to better understand the unique characteristics of its data. Staff members know why they're capturing specific information, and how to spot potential issues and anomalies.

Next Steps

As VPI learns more about its data and business controls, staff members maintain an ongoing list of new analytics to implement. The compliance team, in turn, has asked other divisions to consider what would provide them more value. Strategic analytics will continue to target claims, finance and human resources data and look for new ways to scrutinize high-risk transactions.

VPI also plans to apply ACL analytics to monitor compliance with corporate regulatory standards, including licensing requirements. The company currently has 70 insurance agents who must be licensed in all 50 states. Automated analysis will ensure that all VPI agents have maintained good standing in each and every U.S. state.

Learn more about what your organization can accomplish with ACL

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