

PRESS RELEASE

Conversation Management saves insurers over £9.8 million in 2008

13th March 2009

VFM Services today announced savings in excess of £9.8 million last year across its client base of major blue chip insurance companies, proving that human interviewers are the solution to fighting fraud. The results were on personal lines insurance claims referred to VFM for fraud screening using the New ERA conversation management technique.

Managing Director, Nick Sugden said:

"Fraud should be high on the agenda for insurers as it would be reasonable to assume personal lines policies will be a target for dishonest claims as many people struggle to maintain their current living standards in this period of recession. 35 per cent of household claims that go through VFM's conversation management fraud screening process were repudiated last year, while 43 per cent were repudiated on motor claims. With these kind of results and in the current economic climate, organisations should be focussing their efforts on fraud prevention and detection to offset falling profits."

VFM's figures coincide with the results of the Government's pilots using Voice Risk Analysis (VRA) software on benefit claims, announced this week. As a result the VRA system has come under much scrutiny for the lack of scientifically proven results showing this technology actually works, while the Government has been attacked for spending tax payers money on a lie detection system that fails to validate the real fraud risk within a claim.

Nick Sugden added:

"Our savings results support what we have always recommended to the industry. Money should be spent on training and educating the people who are interviewing claimants to ask the right questions in order to spot the real cheats. Lie detection software used on its own can not spot lies and it can be argued these methods are not ethically sound when adopting a treating customers fairly philosophy."

The VFM New ERA conversation management technique enable the claims handler to quickly identify potential risks in a claim and evaluate them accordingly whilst still delivering the highest level of customer service, ensuring the customer is treated fairly at all times. Those claims identified as genuine are fast tracked for settlement and those considered 'high-risk' are investigated further. Therefore managed conversations with the claimant are far more productive and, consequently, more commercially efficient.

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About VFM Services Ltd

VFM Services commenced operations in August 2000 and is responsible for designing and introducing “conversation management” to the commercial world. VFM’s telephone-based anti-fraud screening process (‘New ERA’ screening) is based on a mix of forensic psychology, conversation management, and customer service, which allows insurers, banks and other financial service providers to effectively manage their customers. VFM operates from claims management units in Peterborough and Hitchin where its highly-skilled claims manager and trainers have considerable investigation experience in both commercial and law-enforcement environments, with proven success in fraud prevention. The company’s core business from inception was training and consultancy, and in 2003 it expanded into out-source claims handling. VFM Services is now, within the UK, universally accepted as *the* company for volume fraud consultancy and training with brand awareness also well established in Europe and the US. For more information about VFM Services please visit: www.vfm-services.com

New ERA (Empathic Risk Assessment) screening

VFM’s New ERA screening technique is an intellectual product, which has been proven to substantially reduce the effects of fraud attempted by the customers of financial institutions, such as: credit card issuers, insurers and organisations who deal with claims for injury or damages, and can have a significant impact on government agencies responsible for benefit payments. Its use could also dramatically reduce cost in dealing with claims, such as motor accident, where fraud is only one of a number of factors but legal costs are significant and can greatly outweigh the cost of the original claim or health / life insurers who require an accurate assessment of risk at underwriting stage. The New ERA concept is a world first designed and developed by members of the VFM management team.

For further information, please contact:

T: 08445 677 677

E: info@vfm-services.com

Web: www.vfm-services.com