

PRESS RELEASE

VFM marks 10 years in fraud detection with savings of £40m for insurers

27th August 2010

VFM Services celebrates 10 years of training/consultancy, claims management and fraud detection in the insurance industry with the announcement of £40 million in savings for its clients since 2004 (almost entirely related to sub £5k claims).

Today VFM can reveal that 61 per cent of those claims identified as high risk result in nil settlement.

The pioneers of the first ever desktop conversation management technique at Thomas Cook Financial Services formed VFM in 2000 and used their expertise to refine and redesign the original technique. Incorporating all aspects of the 'Treating Customers Fairly' philosophy, it created the New ERA conversation management solution to meet the specific needs of the insurance industry. Since then, in its 10 year history, VFM has helped over 50 insurance customers (including a number of leading Loss Adjusting firms) to detect and manage spurious claims and significantly reduce claims handling costs.

Head of Operations, Steve Jackson said:

"Counter fraud strategies are, quite rightly, still very high on the agenda for all insurers so it's not really surprising that VFM is producing these kind of figures. As we work closer with our clients to constantly improve and refine processes, the savings VFM provide continue to increase whilst the high level of customer care ensures these savings are not at the expense of genuine customers.

We work together with our clients to design the most effective and appropriate front end risk referral criteria and ensure that these claims are managed by a claims handler with the appropriate level of knowledge and skill to handle each claim. The management of risk begins the moment a claim is notified and those which are quickly identified as genuine are fast tracked to settlement."

He added:

"The savings we are making reflect what we have been recommending for the past 10 years. It's quite simple, I believe investment should be made in training and educating claims handlers to ask the right questions, while maintaining the highest possible level of customer care and empathy. Although they have their place in the market, in my opinion, technologies and software, used on their own can not effectively manage risk and it can also be argued these methods don't meet the requirements of the Treating Customers Fairly philosophy. I think the human touch will always be the essential element.

Where a loss adjuster or field investigator can add value to a claim, the quality of information gathered as a result of the New ERA process allows such skilled services to be directed and deployed in a far more surgical manner than seen elsewhere in the industry. This not only reduces costs to the insurer but reduces time and duplication of effort.”

VFM started business as a training and consultancy firm and during the last 10 years has significantly grown its outsource claims operation. Whilst still providing training and fraud consultancy to the industry, its main business is claims management and at the end of 2008 it expanded into First Notification of Loss. In addition, a number of insurers are deploying VFM's unique skill-set on higher value claims and are seeing an exceptionally high return on investment. VFM is continuing to build on its service offering and the industry should expect to see further expansion and development to its solutions in the near future.

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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 and other financial service providers to effectively manage their customers’ claims. VFM operates from claims management units in Peterborough and Hitchin where its highly-skilled claims managers 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 outsource 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

About New ERA conversation management

VFM has developed a portfolio of products and services aimed at; quickly identifying genuine claimants, providing customer focused methodologies to more effectively manage risk, as well as delivering significant cost reductions for its clients – and all without affecting the customer retention rate. The key differentiator for VFM, and the cornerstone of its offerings is the New ERA screening process which has transformed the ability of its clients to identify the genuine claimants as well as significantly reduce confrontation with dishonest claimants, and at less cost. Central to the New ERA process is both the Treating Customers Fairly philosophy and the need to identify and validate genuine claims quickly. This means that more time can be dedicated to those claims identified as requiring further investigation. The New ERA concept is a world first designed and developed by members of the VFM management team. For more information about how New ERA works please visit: <http://www.vfm-services.com/howneweraworks.aspx>

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