

Coronavirus (COVID-19)

An Update on Fraudulent Activity and Financial Crimes

As the unprecedented situation surrounding the pandemic continues to unfold, it is clear that professional criminals have recognized an opportunity. Fraudsters are exploiting the chaos, anxiety, and uncertainty inherent in today's reality — and it appears they have recently intensified their attempts. In April 2020, LIMRA surveyed financial services organizations to identify trends in fraudulent activity, as well as efforts to combat it through education and other preventive measures. This same group was surveyed again in May 2020, and the findings below show some key observations and comparisons between the two survey results.

Attacks on the Rise

Within the last 60 days:

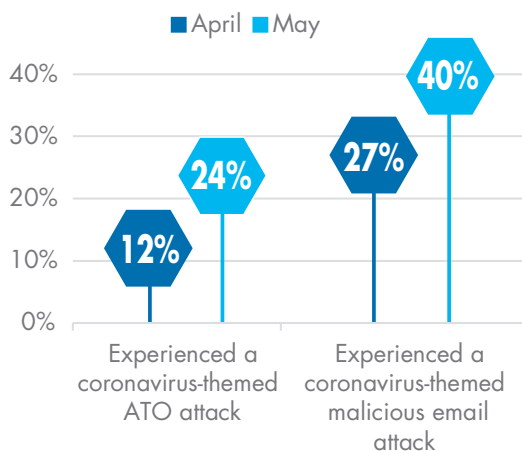
42% of responding companies have experienced an increase in overall fraudulent activity.

47% have seen an increase in account takeover (ATO) attacks.

Up **11%** from April

A Convenient Theme

More than ever, fraudsters are taking advantage of pandemic-driven vulnerability.



Managing Risk

Companies are adjusting to new operating procedures and effectively managing fraud risk in the new virtual business environment.

Initially **66%** of companies expected the shift to remote work to increase their fraud exposure

After adjusting to their new operating models only **39%** of companies believe the shift to remote work has increased their fraud exposure

Education Efforts

Almost all respondents have stepped up fraud awareness training for the home office.

97% have provided additional fraud education to call center and back-office employees

63% have taken additional measures to educate advisors and field staff

The Opportunity

Advisors and field staff are often targets and have been known to have less developed and robust fraud prevention controls. Providing regular fraud awareness training and education to advisors and field staff can go a long way towards protecting client data and accounts.

Under Control

Measured control changes are taking place among companies:

- **Less than half** have made changes to their Authentication, Disbursement, or New Business controls.
- **Over half** run proposed changes through a formal risk and control evaluation process.

The Opportunity

The heightened fraud risk represents a way for companies to protect customers and add value.

4 in 10 have provided or made available fraud prevention educational materials to customers in the past 60 days

Since most account compromises begin with the customer's personal computer, email, or other accounts being compromised, having fraud-aware customers can be the best protection.

Methodology

LIMRA surveyed members with fraud prevention responsibilities, representing 38 companies, from May 7, 2020 to May 12, 2020—to follow up on an earlier survey fielded March 27, 2020 through April 1, 2020. This research continues to assess companies' experiences, responses, and fraud operations as a result of the COVID-19 pandemic.

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