

# Detering Deception in Online Insurance Claims

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## RESEARCH QUESTIONS and AIMS

We tested different methods to deter deception in insurance claiming via three online experiments ( $n_1 = 340$ ,  $n_2 = 660$  and  $n_3 = 480$ ), increasing the ecological validity of each subsequent experiment. We also assessed how individual differences in susceptibility to persuasion and the dark triad traits (Machiavellianism, psychopathy, and narcissism) were implicated in insurance claiming. Our aims were to 1) create usable deterrence methods that insurance companies can implement online, and 2) shed light on the individual psychological differences in online insurance claim fibbing.

## DESIGN and RESULTS

### Participants

- Recruited via mTurk from the USA (mean age = 35, 45% female)
- Asked to file (or not) insurance claims for typical household items broken for various reason, using a mock online insurance form
- Survey flow: Written consent → Demographics → Covariates → Insurance claim tasks → Manipulation checks → Debriefing

### Covariates

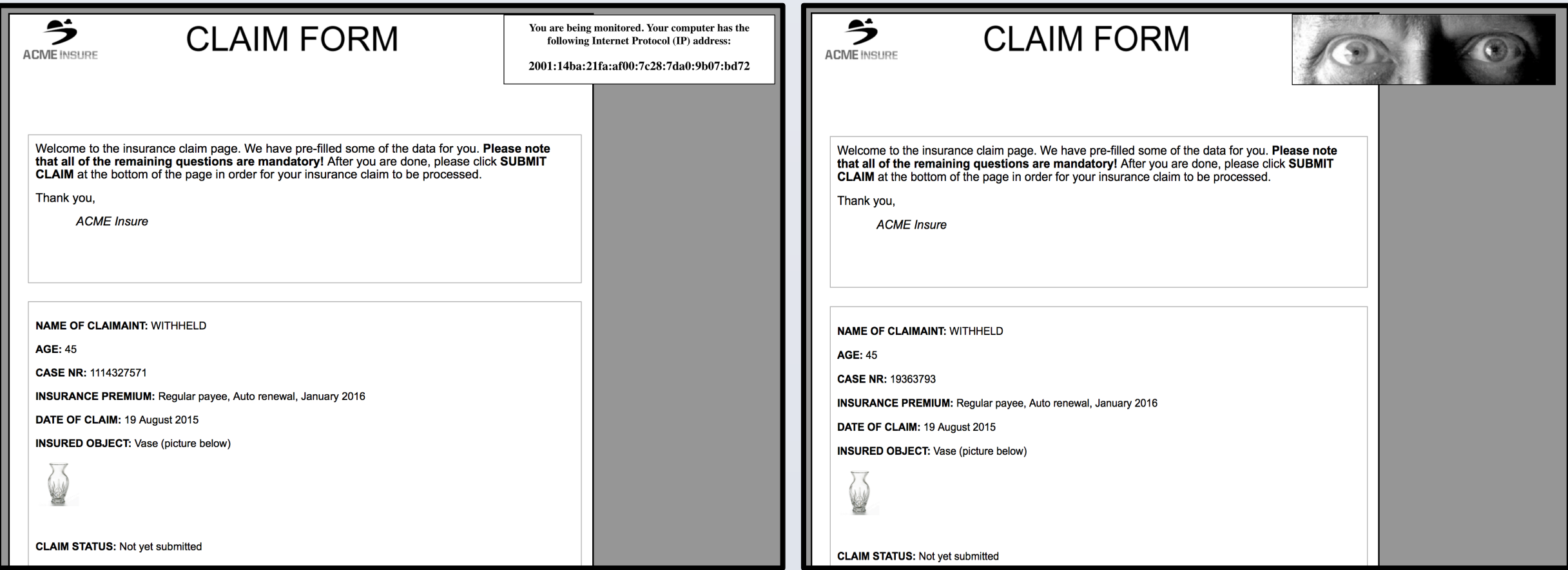
- Dark triad personality traits
- Susceptibility to persuasion

### Main Dependent Variables

- Average claim amount (in US \$)
- Average fibbing percentage (percentage claimed above item price)

### Experiment 1 (n = 340)

- Baseline measurement, no monetary incentives: How much do people fib and for which items, when the items are accidentally broken?
- Items (purchase price in US \$) = Vase (160), Lamp (300), iPhone 6 (500), Wall clock (1000), Mirror (1600), China set (2000)
- Contrasted two candidate deterrence methods based on the "surveillance effect": 1) “watchful” human eyes fixed on the right side of the screen, and 2) a white box with an “IP address monitoring warning”, and 3) a control condition with no surveillance



### Experiment 1 Results

- In total, 13 % of participants fibbed (claimed over the item value, averaged across all items), but 20 % *under-claimed*
- The IP worked to decrease average amount claimed (effect stronger for males; from \$750 to \$580), but the eyes did not

### Experiment 2 (n = 660)

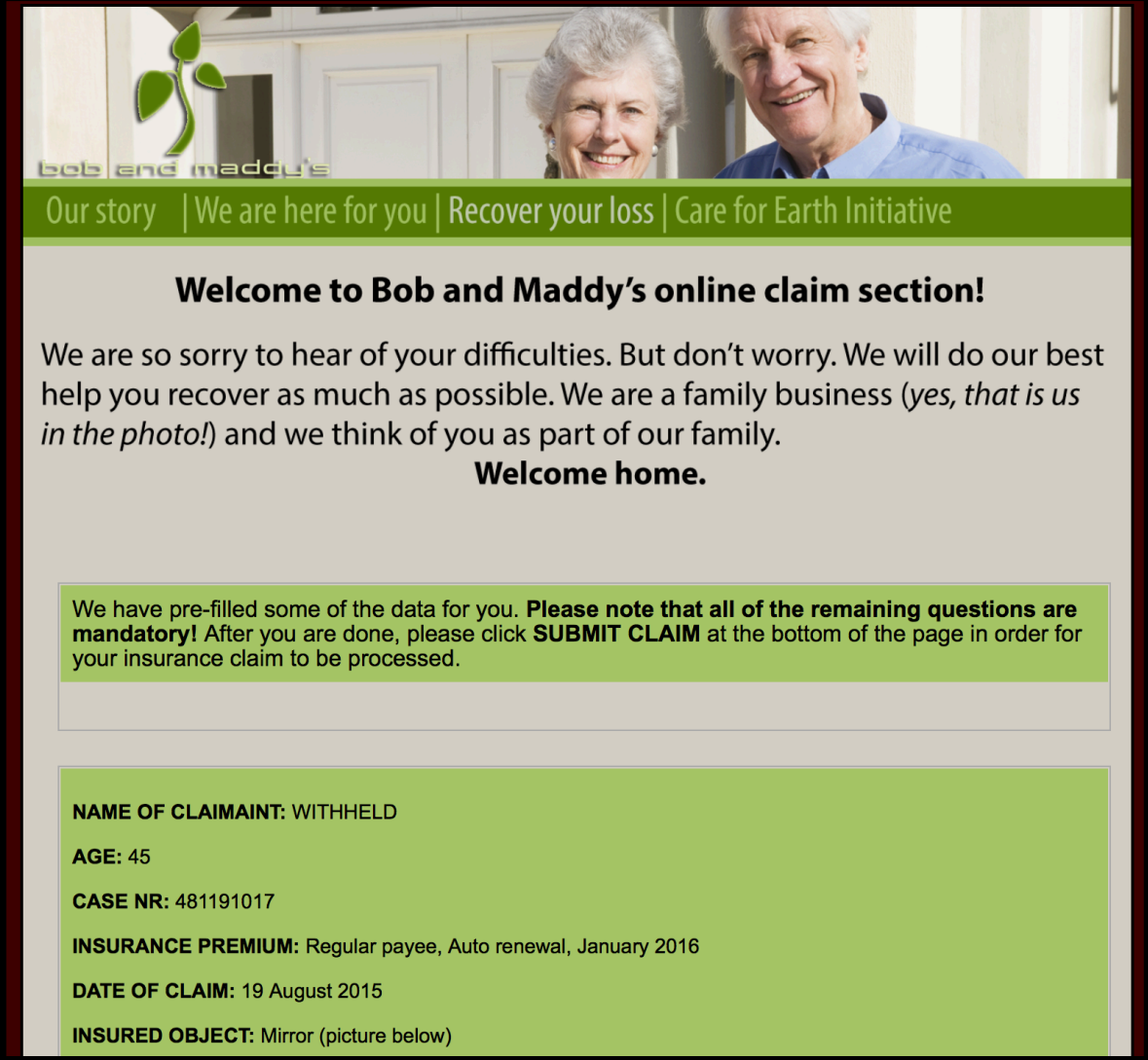
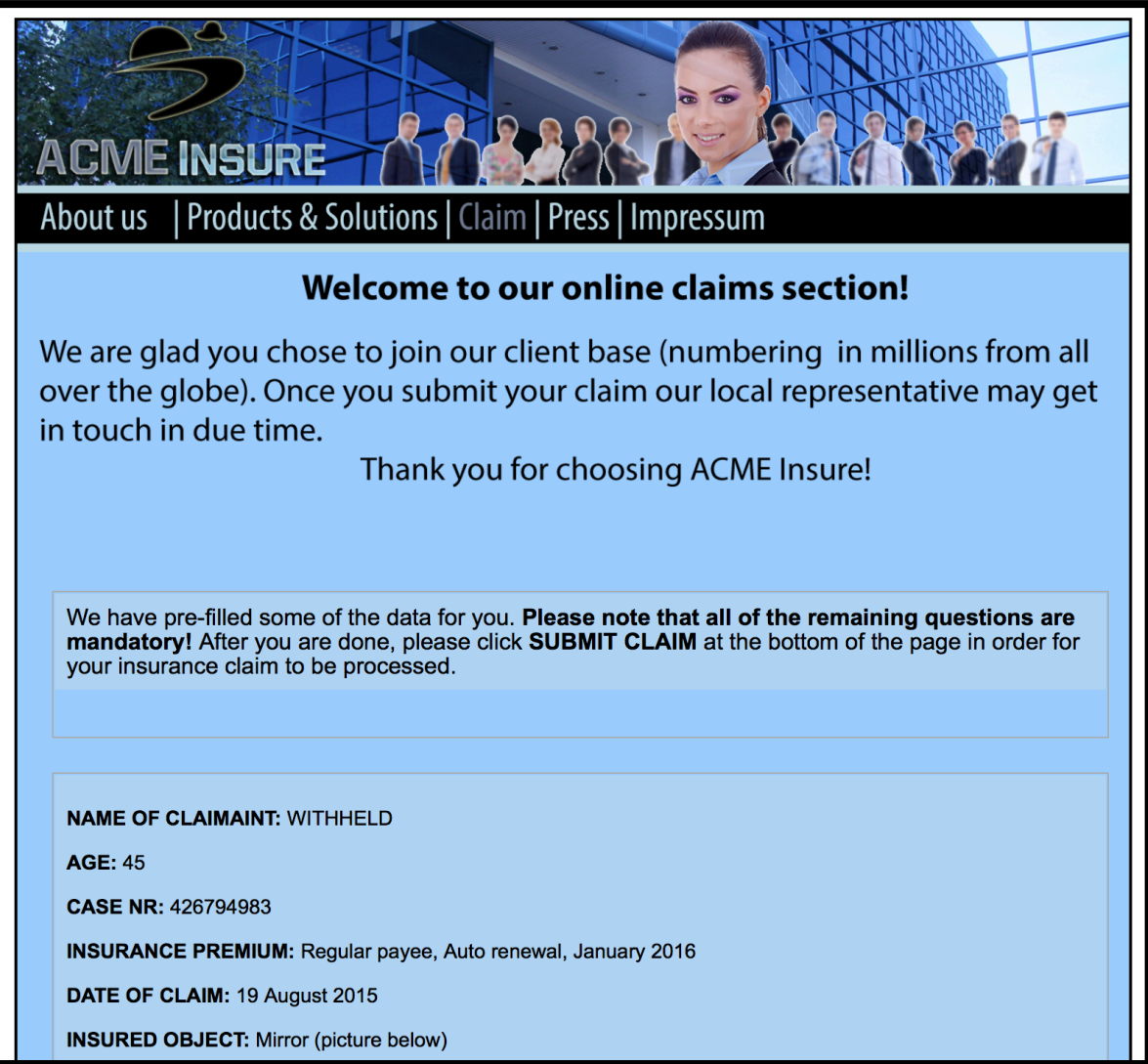
- Added monetary incentives: Reward depended on amounts claimed, but claiming too much increased chances of being caught and incurring a penalty
- Added background stories/vignettes: Items for which money is claimed were either broken out of anger, while drunk, or accidentally
- Items (purchase price in US \$) = Wall clock (800), Mirror (1300), China set (1600)
- 2 (IP warning/Control) x 3 (Angry/Drunk/Control) experimental design

### Experiment 2 Results

- The IP address monitoring warning no longer worked to reduce claim amounts or fibbing
- Being angry when breaking an item deterred participants from claiming *and* decreased their average claim amounts (from \$1330 to \$1200) if they decided to claim – being drunk had no effect

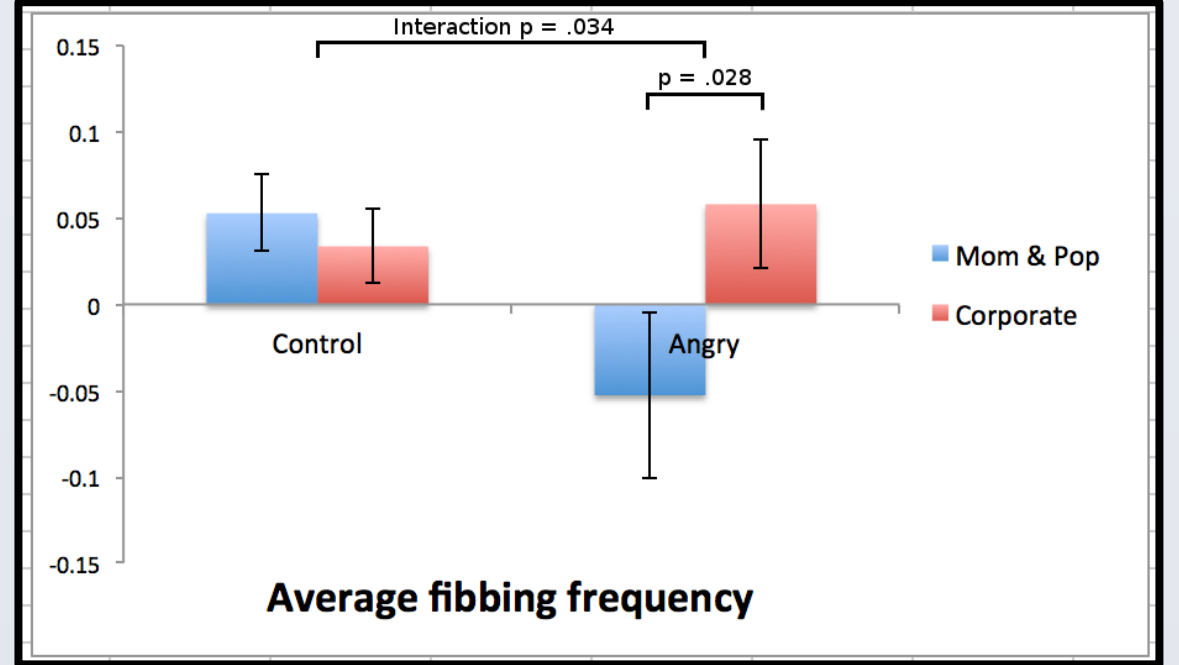
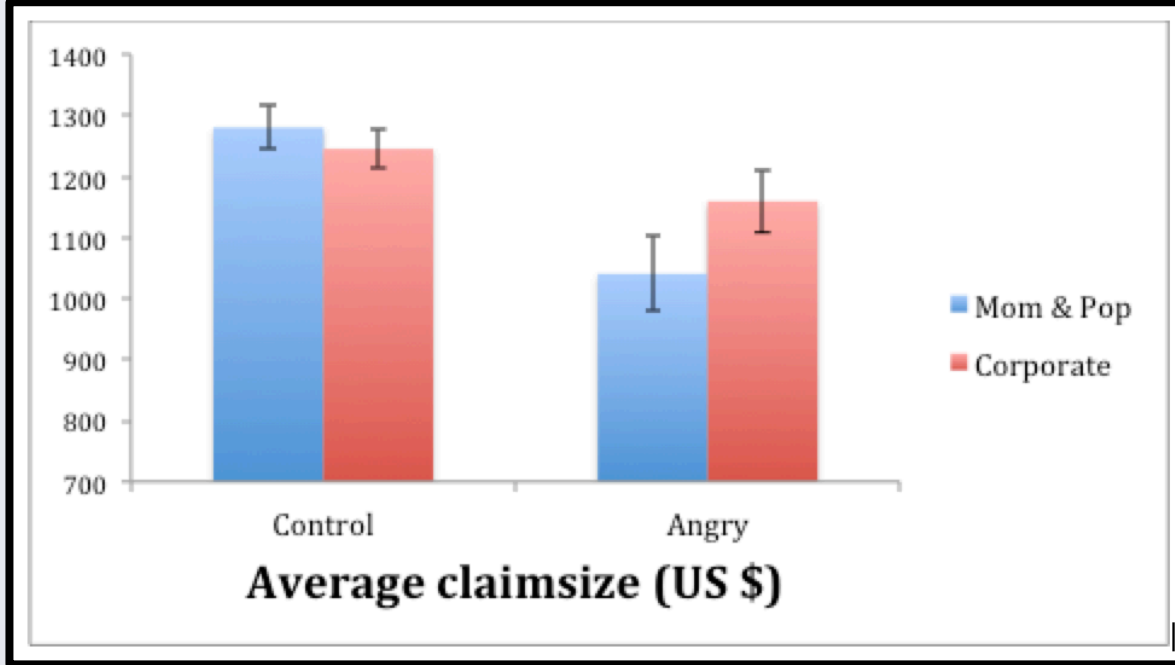
### Experiment 3 (N = 480)

- Added different claim form templates: “Corporate” vs. “Family business”
- 2 (Angry/Control) x 2 (Corporate/Family business) experimental design



### Experiment 3 Results

- At the level of the whole sample, participants claimed and fibbed slightly less in the “Family business” form, but the effect was clearly driven by the "Angry" –condition: *If* participants decided to claim when they “shouldn’t” (item broken while angry), *then* the “Family business” form deterred fibbing and reduced claim amounts (see below, error bars are 1 SE)



### Individual difference results from all experiments

- Machiavellian individuals, but not psychopaths or narcissists, fib more and claim in higher amounts (experiments 1, 2 and 3)
- Psychopaths subscribe to fewer (experiments 1, 2 and 3), narcissists to more (experiment 2) insurance policies
- People prone to social influence claim in higher amounts (experiment 2)

## CONCLUSIONS

- The surveillance effect does not seem to work in our setting – particularly the famous yet controversial “watchful eyes” -effect was not observed
- Fibbing is most prominently affected by the conditions surrounding the breaking of the items (being angry, drunk, or not)
- The strongest way to deter insurance claim fibbing in our experiments was subtly appealing to social influence (“you wouldn’t fib an earth-loving company ran by a senior couple”) by altering the claim form templates
- Machiavellian individuals are avid fibbers, which is consistent with the view of Machs as “true *homines economici*”
- Psychopaths neither fib nor own insurance policies – i.e., they just don’t seem to care
- Some evidence suggests that narcissists hoard insurance policies

## ACKNOWLEDGMENTS

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