

Balancing Fraud Controls and Conversion at Policy Issue: A Life Insurer's Modern Approach to Account Verification



About the Client

A U.S.-based life insurance provider, serving a predominantly senior customer base, offers a wide range of supplemental health, accident, and life insurance needs, often providing cash benefits directly to the policyholder to cover deductibles, co-pays, and other out-of-pocket costs not covered by primary insurance.

Challenge

The insurance provider struggled with first-premium payment failures caused by bad or fraudulent bank account information, creating significant financial exposure at the point of policy issue. Each failed payment increased fraud losses tied to advanced agent commissions and forced the organization to choose between accepting greater risk or introducing costly manual reviews that slowed operations and increased overhead. At the same time, the insurer needed to carefully manage customer friction, avoiding complex or intrusive authentication methods that could disrupt conversion rates among senior applicants and undermine straight-through processing.

Solution

To address these challenges, the insurer implemented a layered, waterfall-based account validation strategy designed to:

Improve Instant Verification Rates

Validate bank accounts at the point of enrollment by introducing immediate verification through **vAuth**, a real-time microdeposit solution that allows for confirmation of ownership and funding before the first premium is accepted. When unavailable or unsuccessful, the workflow seamlessly fell back to **vAccount+**, an instant verification solution. This layered approach increased frictionless approvals, while reserving higher-cost methods for higher-risk scenarios, offering reduced exposure to bad and fraudulent accounts while streamlining the policy issue process.

Senior Friendly Experience

By avoiding complex or intrusive authentication methods, the insurer maintained strong conversion rates and straight-through processing while significantly improving first-premium success. The result was a better balance between fraud prevention and operational efficiency.

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