



# The Hidden Challenges of Customer Validation in Insurance:

**Why Data Silos Create Compliance & Risk Exposure**





For insurance companies, verifying customer identity and maintaining accurate data is more complex than it appears. While most insurers think about compliance primarily in terms of underwriting guidelines or claims regulations, there's a deeper operational layer that often gets overlooked: Customer identity integrity.

**This includes:**

- IRS Name/TIN (Social Security Number (SSN) / Employer Identification Number (EIN) matching
- Office of Foreign Asset Control (OFAC) OFAC and sanctions screening
- Identity verification and fraud prevention
- Ongoing monitoring of customer or claimant risk

As insurers expand into multiple product lines, work through diverse distribution channels, and rely on legacy policy administration systems, these tasks become significantly harder.

Here's why.



## 1. One Insurer, Many Customer Types— Each With Different Data Requirements

Insurance companies serve a wide range of policyholders and payees:

- Individual consumers
- Small businesses
- Large commercial accounts
- Brokers and agents
- Claimants (including medical providers, attorneys, repair shops)
- Beneficiaries and third-party payees
- Reinsurers and partners

**Each requires different verification steps, introducing complexity:**

- A commercial policyholder may provide an EIN and multiple contact points.
- A beneficiary on a life policy may provide a personal SSN.
- A medical provider may require verification before claim payment.
- A third-party repair shop may need to be validated during claims.

The challenge: Customer identity isn't just collected once — it emerges from underwriting, claims, billing, and distribution systems independently. Which leads to a major structural problem...

## 2. Insurance Companies Face Major Data Silos Across the Organization

**Unlike banks with a centralized “core,” insurers often operate with:**

- Underwriting systems
- Policy admin/core systems
- Claims systems
- Billing/commission systems
- Adjuster and TPA platforms
- Agent/broker portals



Each collects and stores customer or payee data independently.

**This creates:**

- **Inconsistent customer information:** Names, TIN/EINs, addresses, and entity types may differ across systems.
- **Duplicate customer records:** The same individual or business may exist in multiple systems with slight variations.
- **Disconnected compliance workflows:** Underwriting might run OFAC checks at new business, but claims may not run checks again when issuing payments.
- **Manual processes for claim payees:** Especially when dealing with auto body shops, medical clinics, attorneys, or independent contractors.
- **Difficult auditability:** Regulators expect consistent identity validation across all workflows — underwriting, claims handling, and payment processing.

When these systems don't talk to each other, insurers take on unnecessary compliance and fraud risk.

## 3. IRS Name/TIN Matching: A Surprising Pressure Point for Insurers

**Insurers generate large volumes of 1099s each year, often for:**

- Claim payments
- Attorney payments
- Medical reimbursements
- Third-party vendors and shops
- Commission payments to agencies
- Settlement payouts

**Without accurate Name/TIN matching:**

- Payments may be flagged by the IRS
- B-Notices and backup withholding obligations increase
- Customer service issues multiply
- Compliance staff are forced into manual cleanup during reporting season

Because data is coming from multiple systems, mismatches are common — especially with claimants and third-party providers whose data is often collected quickly and manually.



## **4. OFAC & Sanctions Screening: High Stakes for Claim Payments**

Many insurers screen at new business but forget that OFAC compliance applies at claims time too - especially when issuing payments to:

- Claimants
- Beneficiaries
- Attorneys
- Repair shops
- Medical providers
- Vendors or contractors

Regulators have been clear: Every payment is a potential OFAC event. If customer data is inconsistent or siloed, insurers may miss red flags.



## 5. Fraud Prevention Requires Connected Data — But Systems Aren't Connected

**Fraud in insurance often crosses boundaries:**

- A suspicious claimant in auto may also be involved in a workers comp case.
- A questionable medical provider may appear across multiple claims.
- Identity mismatch patterns might be visible in underwriting but not in claims.
- Beneficiary fraud often appears only at disbursement time.

But when underwriting, claims, and billing operate on different systems, fraud detection becomes fragmented and reactive.

Insurers need cross-department visibility to see these patterns — but their infrastructure rarely provides it.

## 6. The Case for a Centralized Validation Layer Across the Insurance Lifecycle

**Leading insurers are moving toward a unified validation approach that includes:**

- Centralized customer/payee identity validation: One source of truth for Name/TIN, entity type, and address information.
- Standardized OFAC and sanctions checks: Consistent across underwriting, billing, and claims payments.
- Pre-payment fraud and identity screening: Preventing fraudulent claim payouts by confirming authenticity of payees with the Death Master File (DMF).
- Batch & real-time IRS Name/TIN matching: Reduces 1099 errors, downstream penalties, and manual corrections.
- API-level integrations with multiple systems: Allows underwriting, claims, and vendor management to use the same validation tools.

This reduces compliance risk, supports auditability, and speeds up claims processing — all while improving the customer experience.



# How TINCheck.com Helps Insurance Companies **Fix the Identity & Compliance Gap**

TINCheck.com provides insurers with a centralized, automated validation service that integrates easily across policy, claims, and billing systems.

## **TINCheck supports insurers with:**

1. **IRS Name/TIN Matching:** Validate insureds, claimants, beneficiaries, and vendors to reduce 1099 errors and penalties.
2. **OFAC, SDN, Sanctions, and PEP Screening:** Consistent compliance across underwriting and claims.
3. **Fraud & Identity Risk Checks:** Detect mismatches, deceased individuals (DMF checks), and suspicious entities before payments are made.
4. **API Integration Across Systems**



## **Easily connects to:**

- Policy admin
- Claims
- Billing
- Vendor management
- Payment disbursement platforms

## **5. High-Volume Batch Processing**

Ideal for insurers with large claimant or provider networks.

## **6. Cross-enterprise Visibility**

Ensures all teams—from underwriting to claims—use the same validated data.



## **Conclusion: Insurers Face the Same Silo Problems as Banks - And the Same Need for Centralization**

Insurance companies face unique complexity due to the volume of payees, the variety of systems, and the speed at which data must be validated during claims. Centralizing Name/TIN matching, OFAC screening, and identity checks is no longer optional, it's essential.

TINCheck.com provides insurers with the tools to reduce errors, improve compliance, detect fraud earlier, and speed up operations across all business units.