

ANTIFRAUD (D) TASK FORCE

Antifraud (D) Task Force July 26, 2021, Minutes

Antifraud (D) Task Force May 25, 2021, Minutes (Attachment One)

Draft Pending Adoption

Draft: 8/24/21

Antifraud (D) Task Force
Virtual Meeting (*in lieu of meeting at the Summer National Meeting*)
July 26, 2021

The Antifraud (D) Task Force met July 26, 2021. The following Task Force members participated: Trinidad Navarro, Chair (DE); Judith L. French, Vice Chair, represented by Michelle Brugh Rafeld (OH); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Crystal Phelps and Paul Keller (AR); Evan G. Daniels represented by Kyson Johnson (AZ); Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Doug Ommen represented by Benjamin Olejnik (IA); Dean L. Cameron represented by Kyle Cammack (ID); Vicki Schmidt represented by Tate Flott (KS); Sharon P. Clark represented by Juan Garrett (KY); James J. Donelon represented by Matthew Stewart (LA); Anita G. Fox represented Jill Huisken (MI); Grace Arnold represented by Michael Marben and Cam Jenkins (MN); Chlora Lindley-Myers represented by Carrie Couch and Jeana Thomas (MO); Troy Downing and David Dachs (MT); Mike Causey represented by Angela Hatchell, Della Shepherd and Tracy Biehn (NC); Jon Godfread represented by Laney Herauf (ND); Eric Dunning represented by Martin Swanson (NE); Chris Nicolopoulos represented by Brendan Harris (NH); Marlene Caride represented by Richard Besser (NJ); Glen Mulready represented by Rick Wagnon (OK); Andrew R Stolfi represented by Dorothy Bean (OR); Raymond G. Farmer represented by Chuck Myers and Michael Bailes (SC); Doug Slape represented by Chris Davis (TX); Jonathan T. Pike represented by Armand Glick (UT); Scott A. White represented by Mike Beavers (VA); and James A. Dodrill represented by Greg Elam (WV).

1. Adopted its May 25 Minutes

The Task Force met May 25 and took the following action: 1) adopted its March 24 minutes; and 2) appointed the Improper Marketing of Health Plans (D) Working Group.

Mr. Beavers made a motion, seconded by Ms. Biehn, to adopt the Task Force's May 25 minutes (Attachment One). The motion passed unanimously.

2. Discussed the Improper Marketing of Health Plans

Commissioner Navarro said the Task Force has remained vigilant throughout this time with the COVID-19 pandemic. The communication and collaboration between states, antifraud organizations, and federal and state law enforcement agencies, as well as international counterparts, have continued to be a vital piece to fighting the insurance fraud taking place during this virtual environment.

Commissioner Navarro said the Task Force has continued to meet to specifically discuss and receive updates on potential insurance fraud taking place, whether it is due to COVID-19 or any other trend taking place. Commissioner Navarro said included with these meetings is the Improper Marketing of Health Plans group.

Commissioner Navarro said as most everyone is aware, for the past several months, state insurance departments and federal agencies have been meeting to discuss improper marketing by various entities of health plans. The group was originally created to bring members of the Health Insurance and Managed Care (B) Committee and the Market Regulation and Consumer Affairs (D) Committee together in order to share information regarding these improper health plans. Commissioner Navarro said the meetings and the exchange of information have assisted with the administrative actions being taken against entities and schemes that have been identified.

Commissioner Navarro said during its May 25 meeting, a motion was presented to the Task Force for the creation of the Improper Marketing of Health Plans (D) Working Group, which would report to the Antifraud (D) Task Force. Commissioner Navarro said the motion passed unanimously and has been presented to the Market Regulation and Consumer Affairs (D) Committee. He said once it has passed through the Committee, it will be presented to Executive (EX) Committee and Plenary for consideration of adoption.

3. Received an Update from the Antifraud Education Enhancement (D) Working Group

Ms. Rafeld said the Working Group has held two webinars this year on: 1) outside resources for state insurance fraud departments; and 2) investigator safety training. Ms. Rafeld said as Working Group chair, she worked directly with NAIC staff regarding sessions for the NAIC Insurance Summit, which took place in June. Ms. Rafeld said the fraud sessions included: 1) "New to Insurance Fraud"; 2) "Elder Insurance Fraud"; 3) "Natural Disasters, Catastrophes and Insurance Fraud"; 4) "Impact of COVID-19"; 5) "Global Initiatives Concerning Insurance Fraud"; 6) "Lead Generators"; and 7) "Artificial Intelligence and the Battle Against Insurance Fraud." Ms. Rafeld said the fraud track had great participation in all sessions.

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Ms. Rafeld said moving forward, the Working Group will continue to monitor emerging issues for new fraud schemes and provide the necessary training to assist with education on the various types of insurance fraud.

4. Received an Update from the Antifraud Technology (D) Working Group

Mr. Glick said the Working Group has not met formally this year. However, it is continuing to work on its new charge given to it in 2020: “Review and provide recommendations for the development of an Antifraud Plan repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions.” He said the Working Group’s first step was to review and revise the 2011 *Antifraud Plan Guideline* (#1690). Mr. Glick said the revisions were fully adopted by the Executive (EX) Committee and Plenary during the Spring National Meeting. He said the next step was for the Working Group to create a guideline template that can be used for the creation and submission of an Antifraud Fraud Plan. He said this template will also be used for developing the repository. Mr. Glick said the Working Group publicly reached out to form a subject-matter expert (SME) team that can work on creating this template. This small group will be meeting every other week through October to complete this task.

Mr. Glick said the NAIC is currently working on the Online Fraud Reporting System (OFRS) redesign. He said once this redesign is completed, the Working Group will resume its responsibilities concerning the review and management of enhancements for the OFRS.

5. Heard a Report from the Coalition

Matthew Smith (Coalition Against Insurance Fraud—Coalition) said the Coalition had 37 states participate in its COVID-19 Impact study. Mr. Smith said the result of study is on the Coalition’s web page at *Insurancefraud.org*. Mr. Smith said the Coalition is referring to this study as a trend study—not a research study. He said there was a lot of useful information taken from this study. Mr. Smith said some of the more interesting information was that the amount of fraud referral numbers from previous years remained consistent with this study even with the COVID-19 pandemic. He said this pandemic has contributed to the past year being the lowest usage of automobile on the roads. However, the automobile fraud referral has remained consistent. Mr. Smith said there was also a dramatic increase in arson, while workers’ compensation remained consistent. He said it is important to note that the study was a national trend study and not broken out by specific state.

Mr. Smith said the Coalition is working with several strategic partners to update a globalization of insurance fraud study. He said there are 45 nations that are contributing to this study. He said the study will close on Aug. 30, and on Nov. 15, the Coalition will hold a webinar updating its members of the findings. Mr. Smith said the Coalition will hold its annual end of the year meeting in person Dec. 6–7 in Washington, DC.

Mr. Smith said the Coalition has its infographics program on its web page, and he encouraged states to use the Coalition’s resources as they see fit. He said the Coalition is also working with strategic international partners on the Globalization of Insurance Fraud Conference. Mr. Smith said they plan to open up the conference to in person next year, and he encouraged states to participate.

6. Heard a Report from the NICB

Alan Haskins (National Insurance Crime Bureau—NICB) said the NICB just wrapped up its Contractor Fraud Awareness Week. Mr. Haskins said the NICB issued its third publication on tips to avoid natural disasters and contract fraud. He said the NICB has been monitoring any potential increases in trends and that it has seen a 9% increase in vehicle theft across the country.

Mr. Haskins said at this time, 90% of states have wrapped up their legislative session. He said the theft of catalytic converters has been high due to the price in metal found on the catalytic converters. Mr. Haskins said the NICB is working with states to monitor this activity and assist however needed. He said the NICB tracked more than 600 bills during the 2021 legislative sessions.

7. Received an Update on the OFRS

Mr. Welker said in 2018, the NAIC approved the redesign of the OFRS. He said the purpose of the redesign was to modernize interfaces for state insurance regulator, public and industry users. The redesign changes would support a new functionality for the system while also providing the means to create a series of reports that would provide states with detailed data that could be used for tracking fraud trends. Mr. Welker said there is an industry and consumer side to the OFRS. NAIC staff have focused on completing the industry side first. Once completed, it can be used to mirror the changes for the consumer. Mr. Welker said they are currently going through beta testing to help finalize this process. He said it is important for states and all other users

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to recognize that during the redesign process, the functionality of the OFRS has not been interrupted and that states are still receiving the fraud referral data. He said NAIC staff will continue to collaborate with the Working Group through the completion of the redesign.

Having no further business, the Antifraud (D) Task Force adjourned.

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Draft: 8/2/21

Antifraud (D) Task Force
Virtual Meeting
May 25, 2021

The Antifraud (D) Task Force met May 25, 2021. The following Task Force members participated: Trinidad Navarro, Chair (DE); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Crystal Phelps, Pat O’Kelly, and Teri Ann Mecca (AR); Evan G. Daniels represented by Paul Hill (AZ); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Doug Ommen represented by Benjamin Olejnik (IA); Dean L. Cameron represented by Kyle Cammack (ID); Vicki Schmidt represented by Ryan Morton (KS); Sharon P. Clark represented by Juan Garrett (KY); James J. Donelon represented by Matthew Stewart (LA); Anita G. Fox represented Jill Huisken (MI); Grace Arnold represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch and Marjorie Thompson (MO); Troy Downing and Jeannie Keller (MT); Mike Causey represented by Tracy Biehn (NC); Jon Godfread represented by Dale Pittman (ND); Eric Dunning represented by Martin Swanson (NE); Chris Nicolopoulos represented by Brendan Harries (NH); Marlene Caride represented by Richard Besser (NJ); Glen Mulready represented by Rick Wagnon (OK); Andrew R. Stolfi represented by Stephanie Noren (OR); Raymond G. Farmer represented by Chuck Myers and Michael Bailes (SC); Doug Slape represented by Chris Davis (TX); Jonathan T. Pike represented by Armand Glick (UT); Scott A. White represented by Mike Beavers (VA); and James A. Dodrill represented by Greg Elam (WV).

1. Adopted its Spring National Meeting Minutes

Mr. Beavers made a motion, seconded by Ms. Biehn, to adopt the Task Force’s March 24 minutes (*see NAIC Proceedings – Spring 2021, Antifraud (D) Task Force*). The motion passed unanimously.

2. Adopted a Motion to Appoint the Improper Marketing of Health Plans (D) Working Group

Commissioner Navarro said over the past several months, state insurance departments and officials from federal agencies have been meeting to discuss the improper marketing by various entities of health plans. He said this group was originally created to bring members of the Health Insurance and Managed Care (B) Committee and the Market Regulation and Consumer Affairs (D) Committee together in effort to share information regarding entities that were improperly marketing health insurance products. Commissioner Navarro said these discussions included the use of lead generators, unsolicited phone calls, internet solicitation, and other marketing methods. He said due to the importance of these discussions, the state insurance regulators on these calls have also reached out to include members from federal government groups. Commissioner Navarro said the collaboration among this group has assisted with administrative action being taken against entities and schemes that have been identified.

Commissioner Navarro said in addition, these discussions and the actions taken have identified a need to look at and possibly update or create a new model to address the aggressive and improper marketing of health plans and the oversight of lead generators. He said all participating states have agreed.

Commissioner Navarro said there was also a white paper on internet sales that would need to be updated in order to reflect the changes not only on how internet is used in today’s society, but also how some have used this to market plans improperly in ways that was not contemplated a few years ago.

Commissioner Navarro said the next step for the Task Force is to formalize this group as a new working group reporting to the Task Force. He said the Working Group will serve two purposes. He said the first would be to continue the facilitation and engage in discussions about the marketing of health plans that are improper, with the goal to have participation from state insurance regulators both at a state and federal level. Commissioner Navarro said the participation of interested state insurance regulators would not be limited to members of the Task Force but rather state insurance regulators from all areas of expertise, including health, market conduct, fraud, and legal divisions. Commissioner Navarro said the working group would meet only in regulator-to-regulator session.

Commissioner Navarro said the second purpose would be for the Working Group to look at either modifying existing models or creating a new model that addresses the usage of lead generators for sales of insurance products and to update marketing rules to modernize the regulation of those activities.

Commissioner Navarro said the Task Force was provided an email with the draft charges for the Working Group soliciting comments. There are two charges that were submitted: 1) coordinate with regulators, both on a state and federal level, to provide assistance and guidance monitoring the improper marketing of health plans, and coordinate appropriate enforcement actions,

as needed, with other NAIC committees, task forces, and working and working groups; and 2) review existing NAIC models and guidelines that addresses the usage of lead generators for sales of health insurance products, and identify models and guidelines that need to be updated or developed to address current marketplace activities. Commissioner Navarro said no comments or suggestions were received prior to today's meeting.

Ms. Biehn made a motion, seconded by Mr. Swanson, to appoint the Improper Marketing of Health Plans (D) Working Group, which would report to the Antifraud (D) Task Force. The motion passed unanimously.

Commissioner Navarro said the next step will be to present this motion to the Market Regulation and Consumer Affairs (D) Committee. He said once adopted by the Committee, it would then be presented to the Executive (EX) Committee and Plenary for consideration of adoption. Commissioner Navarro said once the Working Group is official, it will reach out to state insurance departments in order to establish the members.

Having no further business, the Antifraud (D) Task Force adjourned.

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