

Draft Pending Adoption

Draft: 4/20/21

Antifraud (D) Task Force
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)
March 24, 2021

The Antifraud (D) Task Force met March 24, 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, Pat O’Kelly and Teri Ann Mecca (AR); Evan G. Daniels represented by Paul Hill (AZ); Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Karima M. Woods represented by Brian Bressman (DC); Vicki Schmidt represented by Ryan Morton (KS); Sharon P. Clark represented by Juan Garrett (KY); James J. Donelon represented by Matthew Stewart (LA); Kathleen A. Birrane represented by Steve Wright (MD); Anita G. Fox represented Jill Huisken, Lee McCallister and Randall Gregg (MI); Grace Arnold represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch and Marjorie Thompson (MO); Mike Chaney represented by John Hornback (MS); Troy Downing and Jeannie Keller (MT); Mike Causey represented by Angela Hatchell and Della Shepherd and Tracy Biehn (NC); Jon Godfread represented by Dale Pittman (ND); Bruce R Ramge represented by Martin Swanson (NE); Chris Nicolopoulos represented by Brendan Harries (NH); Marlene Caride represented by Richard Besser (NJ); Russel Toal represented by Devin Chapman (NM); Barbara D. Richardson represented by Stephanie McGee (NV); Glen Mulready represented by Rick Wagon (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 and Greg Elam (WV).

1. Adopted its 2020 Fall National Meeting Minutes

Mr. Stewart made a motion, seconded by Mr. Mueller to adopt the Task Force’s Nov. 16, 2020 (*see NAIC Proceedings – Fall 2020, Antifraud (D) Task Force*) minutes. The motion passed unanimously.

2. Reviewed its 2021 Charges

Commissioner Navarro said that the Task Force’s 2021 charges did not change much from 2020 and that the focus remains the same, with its continued fight against insurance fraud. Commissioner Navarro said as the Task Force moves forward this year, it is important to note that aside from its charges, it will continue to focus on insurance fraud generated from COVID-19. He said the Task Force has held separate meetings and set time aside during previous national meetings to specifically discuss and receive updates on potential fraud resulting from COVID-19. Commissioner Navarro said in addition to these meetings, the Task Force members have participated in monthly regulator-only meetings concerning the improper marketing of health plans arising out of the COVID-19 pandemic. Commissioner Navarro advised that the Task Force will continue to monitor fraudulent activity and meet as necessary in an effort to bring public awareness.

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

Mr. Glick said the Working Group has not met this year. However, he said 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.” Mr. Glick said the Working Group determined that to complete this charge, it first needed to review and revise the 2011 *Antifraud Plan Guideline* (#1690). He said by the end of 2020, the Working Group finalized this review, and it was adopted by the Market Regulation and Consumer Affairs (D) Committee during the 2020 Fall National Meeting. Mr. Glick said that the revisions will be presented to the Executive (EX) Committee and Plenary for full adoption at the 2021 Spring National Meeting. Mr. Glick said once fully adopted, the Working Group’s next step will be to work on creating 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 will meet with NAIC staff to determine whether this project will need to be presented to the NAIC budget process or if it can be completed without additional budgetary resources.

Mr. Glick said the Working Group has been responsible for monitoring the Online Fraud Reporting System (OFRS) for enhancements. Mr. Glick said due to the OFRS Redesign Project being completed internally, the Working Group has suspended its enhancement review. He said the Working Group remains involved in the redesign process and as the project moves closer to being completed, it will report back to the Task Force.

Draft Pending Adoption

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

Greg Welker (NAIC) said the Working Group hosted a webinar on Feb. 11, 2021, presented by CARCO on the mobile capabilities it can provide state insurance departments to assist with fighting insurance fraud. He said the Working Group also will host an investigator safety training webinar on June 2, 2021, from 12:00 – 1:30 p.m. CT.

5. 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 this process is nearing completion, and a beta environment is being finalized. The expectation is to have that beta testing available in April. Mr. Welker said it is important for states and all other users 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.

6. Heard a Report from the Coalition

Matthew Smith (Coalition Against Insurance Fraud—Coalition) said the Coalition has been working heavily on its research studies. Mr. Smith said its recent survey in these studies concerns COVID-19. Mr. Smith said an email was sent to all state fraud directors in September 2020 to track insurance fraud taking place due to the COVID-19 pandemic. Mr. Smith said the survey has recently been sent out again for the two different sets of data to be used as comparison. Mr. Smith said the data indicates that there has been an increase in arson.

Mr. Smith said the Coalition is conducting a joint research study with IBM and Lux Off to track the globalization of insurance products. He said the goal is to get this study out in November. Mr. Smith said another study concerning technology will be used to track how states are using technology, the advantages and disadvantages of technology, and what the future brings.

Mr. Smith said the Coalition has been tracking 83 separate pieces of legislation across the U.S. He said five states have enacted new laws that are now on the books, and one bill in Idaho concerning the assignment of benefits died in the Senate. Mr. Smith said this leaves 77 bills that are still pending across the U.S. Mr. Smith said the Coalition maintains a map on its website showing the pending bills. He said a majority of the bills filed across the U.S. deal with public adjusters. Mr. Smith said there are also workers' compensation reforms, with five separate bills pending. He said the Coalition has also been tracking efforts being done concerning storm chasers, roofing and other contractors regarding natural disasters.

Mr. Smith said the Coalition has passed its counterfeit airbag legislation to protect consumers from counterfeit airbags. He said states are working together to push this legislation through. Mr. Smith said this has become more of an interest in states, and he expects for them to have an interest later this year. Mr. Smith said between the Coalition, the American Trucking Association (ATA) and the American Property and Casualty Insurers Association (APCIA), they will continue to work together to assist with the counterfeit airbag legislation in other states.

Mr. Smith said the Coalition is also monitoring staged automobile accidents and said that more reports are starting to show up. Mr. Smith said he encourages any states noticing an uptick in this area to reach out to the Coalition. He said another fraudulent activity that is being pushed concerns juvenile life insurance cases. He said this type of insurance fraud is being seen more throughout the U.S. He said the Coalition is working with states and legislation to create better regulation to cover these type of issues. Mr. Smith said they have also been monitoring sober issues and may be coming to the Task Force in the future for assistance with fighting these issues.

Mr. Smith said the Coalition has been working on its webinar program. On March 17, the Coalition hosted a webinar called "Building the Bridge," which focused on consumers, government officials and insurers regarding the fight against insurance fraud. Mr. Smith said the Coalition will continue to host more webinars throughout the rest of the year. He said in addition to its webinar program, the Coalition also released a new infographic last week concerning the use of cell phones to expose individuals to fraud. Mr. Smith said there is a new *Journal of Insurance Fraud* article that was published by the Coalition concerning the dark core of white-collar crimes. He said the Coalition Legal Affairs Committee is working on state immunity laws and immunity reporting. The Coalition has updated its compendium of immunity provisions across the U.S.

Draft Pending Adoption

Mr. Smith said lastly, the June mid-year meeting will be virtual, and the goal is to hold the end of year annual meeting in person Dec. 6–7 in Washington, DC.

7. Heard a Report from the NICB

Alan Haskins (National Insurance Crime Bureau—NICB) said in January, NICB released a slip and fall report as a proactive effort to increase awareness of these types of scams. Mr. Haskins said that NICB analyzed slip and fall questions that were claim data reported to it from 2017–2019. Mr. Haskins said with the review of California, Florida, New York, Pennsylvania and Texas, it was found that slip and fall claims were up 30%, with the impact on commercial insurance policies. Mr. Haskins said concerning personal property homeowner policies, there was a 39% increase between 2017–2019. He said NICB also issued a preliminary analysis that shows auto theft took a dramatic upward trend in 2020 compared to 2019, reversing a two-year decline in vehicle insurance fraud. Mr. Haskins said that due to the COVID-19 pandemic, NICB expects to see the vehicle insurance fraud trend continue to increase. He said the NICB is also seeing an uptick in juvenile vehicle theft.

Mr. Haskins said legislative sessions are halfway through in most states, and there has some successful passing of legislative language concerning insurance fraud. He said NICB is tackling more than 600 bills. In Idaho and Kentucky, there is legislation for funding for state fire marshals, towing and storage legislation. North Dakota has a new law providing civil fines against people committing insurance fraud. Additionally, a new law in Utah would restrict the access to vehicle accident reports. Mr. Haskins said NICB has supported legislation that would address funding and resources for state fraud dues dedicated to insurance fraud prosecutors and funding for auto prevention authorities with the uptick in vehicle insurance fraud.

Mr. Haskins said NICB will be hosting a 2021 Virtual Fraud Investigations Academy April 27–May 6. Mr. Haskins said a new publication called the *NICB Informer* is aimed at providing insurance industry executives within participatory intelligence to help identify risk and emerging threats to the insurance industry. He said this article edition will focus on the alarming increase in vehicle crimes.

8. Discussed Other Matters

Commissioner Navarro said the NAIC/NIPR Insurance Summit will take place during June and September this year. Commissioner Navarro said the dates are still being finalized. However, he said the plan will be to hold virtual session in June and then have hybrid sessions in September.

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

W:\National Meetings\2021\Spring\TF\Antifraud\Minutes\AFTF 3.24 Minutes.docx

Improper Marketing of Health Insurance (D) Working Group

Suggested/Draft Charges:

- 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.
- 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.